

CITY OF MOUNTAIN VIEW,
CALIFORNIA

FISCAL YEAR
2010-11

BUDGET WORKSHOP
APRIL 6, 2010

**CITY OF MOUNTAIN VIEW
MEMORANDUM**

4

DATE: April 1, 2010

TO: City Council

FROM: Kevin C. Duggan, City Manager

SUBJECT: APRIL 6, 2010 STUDY SESSION—(1) RECREATION COST-RECOVERY POLICY/POTENTIAL REVENUE ADJUSTMENTS, (2) POTENTIAL EXPENDITURE REDUCTIONS—SUPPLEMENTAL INFORMATION, (3) POTENTIAL LONGER TERM STRATEGIES AND (4) SCHEDULE/NEXT STEPS

PURPOSE

The purpose of this Study Session is for the City Council to begin reviewing and discussing potential revenue alternatives and a potential "Recreation Cost-Recovery Policy" as part of the comprehensive strategy to balance the Fiscal Year 2010-11 General Operating Fund budget. City Council feedback regarding the range of revenue options will guide the preparation of additional information and, ultimately, the development of the recommended budget for Council consideration this spring.

Responses to questions and additional information regarding the range of potential operating cost reductions reviewed by the City Council at the February 23, 2010 Study Session is also included, as well as a discussion of potential mid-/long-term strategies that was included as part of the February 23 Study Session report. This report also reviews next steps/schedule for the remainder of the budget process.

INTRODUCTION

This Study Session is the fifth in a series of Study Sessions convened by the City Council since June 2009 to develop policy approaches and strategies to address the City of Mountain View's General Operating Fund structural deficit currently projected to be \$5.0 million for Fiscal Year 2010-11. In February, the City Council confirmed a "three-pronged" approach to resolving the deficit that consists of reducing operating expenditures, increasing revenues and containing the growth in employee compensation costs.

At a February 23 Study Session (Section A is a copy of the staff report, dated February 18, 2010), the City Council discussed a range of options to reduce operating

expenditures—the first "prong." This Study Session presents a range of revenue options for preliminary review and discussion—the second "prong" of the budget-balancing strategy. Discussions with City employee organizations are under way to address the growth in employee compensation and benefit costs—the third "prong."

With the information provided in this report, the City Council will have reviewed a full range of revenue enhancement and expenditure reduction options to address the projected Fiscal Year 2010-11 structural deficit. Once more is known regarding the ability to contain growth in compensation costs, the three-pronged approach can be refined as well as recommendations regarding potential expenditure reductions and revenue increases.

REFINEMENT OF THE DEFICIT AND THREE-PRONGED APPROACH

At the February 23 Study Session, the City Council was presented a series of operating efficiencies and cost-saving actions that have been taken or identified during the fiscal year to reduce the projected Fiscal Year 2010-11 General Operating Fund deficit by approximately \$945,000. Accounting for these actions, the projected structural deficit is reduced from \$5.0 million to approximately \$4.0 million. Updated revenue projections will be presented later in April and will determine whether the currently estimated \$4.0 million structural deficit (after the noted actions are assumed) remains a valid projection.

REVENUES

At the January 26, 2010 budget Study Session, the City Council had a preliminary discussion regarding revenue generation and expressed interest in considering a policy to guide the setting of fees for the City. To begin this process, staff focused on developing a draft Cost-Recovery Policy for recreation programs. Once a policy is adopted for recreation programs, fee policies for other areas can be developed and later added to the policy. Section B contains the philosophy and methodology used to develop a draft Recreation Cost-Recovery Policy and also identifies a wide range of other City programs and services where there is a potential for enhanced revenue generation and service cost recovery.

Based on feedback at this Study Session, public/customer notification regarding the potential fee adjustments will be undertaken in order to allow feedback prior to action being taken on the proposed changes.

RESPONSES TO QUESTIONS FROM THE FEBRUARY 23, 2010 STUDY SESSION

Section C contains responses to City Council questions from the February 23, 2010 Study Session. The responses provide more information regarding filled and vacant positions, the water rate proposal, reserves and the potential for supplemental Federal funding.

ADDITIONAL INFORMATION REGARDING POTENTIAL DEPARTMENT REDUCTIONS FOR FISCAL YEAR 2010-11

Section D provides additional information regarding some of the potential department reductions presented in the February 23, 2010 Study Session report. It includes background on specific topics highlighted by the City Council, as well as more detail regarding some of the more complex potential expenditure reductions. Information is organized by department and should be considered supplemental to the February 23 Study Session staff report (in which Attachment 3 of the February 23 report is the complete list of potential reductions presented to the City Council).

MID-/LONG-TERM STRATEGIES

While most of the information presented for this Study Session focuses on strategies to solve the Fiscal Year 2010-11 projected General Operating Fund deficit, it is important to remember the City's projected budget challenges are multi-year in nature. These challenges will be mitigated, but not resolved, by balancing the Fiscal Year 2010-11 budget and will continue into the future unless the City restructures the range of services it provides, the cost of services (primarily staffing costs), how those services are provided and cost-recovery practices.

The February 23 Study Session report's Attachment 4 identified a range of potential mid-/long-term strategies. The strategies ranged from containing growth in enhanced/new services, containing long-term benefit and compensation increases, alternative service delivery models, adjustments to Fire Department minimum staffing obligations and new revenue opportunities such as a lighting and landscape district.

Although, balancing the Fiscal Year 2010-11 budget remains first priority, it will be important to prioritize the long-term strategies so the City can begin to develop and implement a long-term General Operating Fund stabilization plan.

CONCLUSION

Without a significant increase in cost-recovery rates for a number of City services, particularly recreation services, those services, as well as other General Fund-supported

services, will be subject to greater reductions. In order to try to have the least impact on services, an important part of the strategy to achieve a structurally balanced budget is to increase revenues through additional cost recovery for services generally provided to specific populations. Staff will undertake a process to obtain community and stakeholder input on the suggested fee changes.

These proposals will certainly have an impact on the users of those services and will no doubt raise concerns. However, what must be kept in mind are the impacts of not achieving greater cost recovery on these and other valued City services.

The next step regarding this portion of the budget-balancing strategy would be to notify affected constituencies to the greatest extent possible and providing information on how they can comment on the proposed modifications prior to City Council action in conjunction with the budget adoption process in June. The City Council could also determine to refer the proposed Recreation Cost-Recovery Policy and recommended fee increases to the Parks and Recreation Commission for comment.

With the April 6 Study Session, the City Council will have completed its preliminary review of revenue enhancement alternatives and additional expenditure information, two of the three prongs available to balance the Fiscal Year 2010-11 budget.

NEXT STEPS

It is proposed that the additional steps in the budget development process for Fiscal Year 2010-11 be as follows:

- April 13: Review/Update of Major City Goals
Proposed Capital Improvement Plan
- April 27: Review and Council Direction Regarding General Operating Fund
Budget-Balancing Scenarios
- May 4: Review of Utility and Special Funds
- May 28: Distribution of City Manager Recommended/Proposed Budget
- June 8: Budget Public Hearing (Special Meeting)
- June 22: Final Budget Public Hearing and Budget Adoption (Regular Council Meeting)

PUBLIC NOTICING—Agenda posting.

Prepared by:

A handwritten signature in black ink, appearing to read "Kevin C. Duggan".

Kevin C. Duggan
City Manager

KCD/CRL/9/CAM
541-04-06-10M-E^

- Section:
- A. February 23, 2010 Study Session Staff Report
 - B. Potential Revenue Enhancements for Fiscal Year 2010-11
 - C. Responses to Questions from the February 23, 2010 Study Session
 - D. Additional Information Regarding Potential Department Operating Reductions for Fiscal Year 2010-11

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Section A

CITY OF MOUNTAIN VIEW
MEMORANDUM

3.1

DATE: February 18, 2010

TO: City Council

FROM: Kevin C. Duggan, City Manager

SUBJECT: FEBRUARY 23, 2010 STUDY SESSION—POTENTIAL OPERATING COST
REDUCTIONS TO ASSIST IN BALANCING THE FISCAL
YEAR 2010-11 GENERAL OPERATING FUND BUDGET

PURPOSE

The purpose of this Study Session is for the City Council to begin reviewing and discussing potential service and operating cost reductions as part of the comprehensive strategy to balance the Fiscal Year 2010-11 General Operating Fund Budget. City Council feedback regarding this range of options will guide the preparation of additional information and ultimately the development of the recommended budget for Council consideration this spring.

INTRODUCTION

Since June 2009, the City Council has convened a series of Study Sessions to develop policy approaches and strategies to meet the challenges of the economic downturn and the City of Mountain View's General Operating Fund structural deficit, currently projected to be \$5.0 million for Fiscal Year 2010-11. At a budget workshop on January 26, 2010, the Council had a wide-ranging discussion about various budget balancing approaches and, fundamentally, whether or not it is realistic to achieve a structurally balanced budget next fiscal year.

At the City Council meeting on February 9, 2010, the City Council formally reviewed the major outcomes of the January 26 workshop (Attachment 1) and confirmed the general strategy to address the budget deficit. The Council concurred with the proposed "three-prong" approach to resolving the deficit that consists of reducing operating expenditures, increasing revenue and containing the growth in employee compensation and benefit costs.

This Study Session takes the budget development process to the next step by presenting the broad range of potential operating cost reductions developed by the department heads and a series of "global" operating cost reduction ideas that could also be

employed as part of the budget balancing strategy. The information is provided at a "high level" and more detail can be provided as desired by the City Council.

To give the City Council choices and flexibility, the sum of the potential options is greater than the amount required to correct the Fiscal Year 2010-11 projected structural deficit, if the full three-prong approach can be implemented. The degree to which these difficult and, generally, undesirable service reductions will need to be implemented will be determined by the amount of success achieved in the other two "prongs."

In addition to providing a list of options to structurally balance the Fiscal Year 2010-11 General Operating Fund budget, this report also identifies a series of potential mid-term and long-term options that could help achieve long-term financial sustainability for the General Operating Fund.

Refinement of the Projected Structural Deficit

As part of the effort to reduce cost and achieve operating efficiencies, significant cost-saving actions have been taken or identified that reduce the projected Fiscal Year 2010-11 General Operating Fund deficit by \$945,000. These actions, described below, are recommended to be considered as "givens" as they reduce the structural gap that must be addressed by revenue increases, service reductions or compensation cost containment.

- Renegotiated Purchasing Contracts

The Purchasing staff has worked very hard over the past year to renegotiate and waive cost-of-living increases in services purchased by many City departments. Savings have been successfully negotiated in the City's janitorial, traffic signal maintenance, landscape maintenance, information technology maintenance, pest control, ranger services, downtown cleaning, laundry services, school crossing guards and more.

Estimated savings—\$100,000

- PERS Prepayment

The Public Employees Retirement System (PERS) payment is generally done after each payroll. As an option, PERS allows agencies to fund their annual actuarially determined contribution at the beginning of the fiscal year. If an agency prefunds its annual contribution at the beginning of the fiscal year in-lieu of payments throughout the fiscal year, the agency receives credit for these contributions and earns the PERS actuarial rate of return of 7.75 percent for the fiscal year. The

estimated savings is netted against the interest earnings the City would have potentially earned if the funds were paid throughout the fiscal year. The savings will vary depending on the City's investment rate of return. This option was not implemented earlier due to the losses being experienced in the PERS portfolio.

Estimated savings—\$170,000

- Internal Police Department Reorganization

The Police Department is in the process of restructuring their Patrol Team staff distribution to more effectively and efficiently deploy Officers, better matching staffing levels with demand for service. This restructuring includes deploying eight smaller Patrol Teams in place of six larger teams. This patrol structure allows a smaller span of control for Police Sergeants and provides for the elimination of the Police Agent rank in patrol staffing. Of the existing six Agent positions, three are eliminated and three are upgraded to Sergeant positions to supervise the two additional teams and provide leave-staffing coverage.

Estimated savings—\$512,000

- Allocate 0.5 of the Revenue Manager Position to Utilities

In Fiscal Year 2003-04, the Revenue Manager position was eliminated due to budget reductions taken in the first recession of the decade. In Fiscal Year 2008-09, the Revenue Manager position was added back through the elimination of other positions in the Finance and Administrative Services Department and is currently funded 100.0 percent by the General Operating Fund. As this position spends approximately 50.0 percent of its time managing the utility billing function, it is appropriate to charge 50.0 percent of the position to the Utility Funds.

Estimated savings—\$68,000

- Unfund 0.5 of the Emergency Medical Service Coordinator Position

The position has been vacant since last fiscal year and the Fire Department has determined that the work can be accomplished by a part-time employee or via contract. A recruitment process is underway and unfunding 0.5 of the position fully implements the change.

Estimated savings—\$70,000

- Reduce Fleet Fuel Budget

Reduces budget for fuel purchases. (Actual budget reduction will be \$36,000—based on Finance and Administrative Services' calculation that 70 percent of Fleet-related expenses are General Fund-related.) Fuel expenditures have been trending lower than budget.

Estimated savings—\$25,000

Refinement of the Three-Prong Approach

With the efficiencies and adjustments identified above, the currently projected Fiscal Year 2010-11 General Operating Fund deficit is reduced from \$5.0 million to approximately \$4.0 million. Based on this update, the revised approach is as follows, understanding that the City Council can adjust the desired proportion among the categories as additional information regarding revenues and the potential for compensation cost containment emerges during the budget development process. Employee organization cooperation will be required to achieve the goal of compensation cost containment.

Operating Expense Reductions	\$2,000,000
Compensation Cost Containment	\$1,000,000
New Revenues*	\$1,000,000

*Achieved via increased cost recovery from existing fees.

Potential Global Budget Balancing Strategies

Attachment 2 contains information about additional "global" budget balancing strategies. They are distinguished from the departmental options because they are not specific to a particular department. Total potential savings/revenues from these options is up to \$672,000.

Potential Departmental Service and Operating Cost Reductions

Attachment 3 is a compendium of potential service reductions that could be implemented to reduce the structural deficit; organized by department.

The total projected General Operating Fund savings from these options ranges from \$3.3 million to \$4.3 million. As the "relatively easy" service efficiencies and reductions (and those less visible to the public) have been implemented in previous fiscal years, the

next round of reductions will be difficult and challenging; potentially requiring the unfunding of up to 37 FTE positions, including a number of currently filled positions. The potential reductions focus on maintaining public safety and protecting core services to the extent feasible. As a general overview, the potential reductions reduce customer service in a broad array of programs, potentially eliminate some services in their entirety and also reduce support to the City Council, City commissions and committees. The staff clearly understands that these reductions have unfortunate impacts on our residents, customers and employees.

Longer-Term Budget Balancing Strategies

Attachment 4 focuses on a series of potential mid- to longer-term strategies. These strategies include potential expenditure and revenue options that generally cannot be achieved within the time frame of adopting the Fiscal Year 2010-11 budget. The strategy options for Fiscal Year 2010-11 are considered realistically implementable in order to address the structural deficit for the upcoming fiscal year. Recognizing that the City's multi-year financial forecast demonstrates that maintaining a balanced budget, even when once achieved, will be very challenging. It is clear that other actions will be required to secure the City's long-term financial sustainability.

It is recommended that the strategies presented in Attachment 4 be prioritized over the remainder of the budget process so that the highest-priority initiatives can be engaged once the upcoming fiscal year's budget plan is completed.

CONCLUSION

In conclusion, this Study Session focuses on the range of potential operating cost reductions that could become part of a strategy to structurally balance the Fiscal Year 2010-11 General Operating Fund budget. The report also outlines a series of potential mid- to long-term strategies that will be needed to address future-year projected structural deficits and to achieve a sustainable General Operating Fund.

All of the options are difficult, reducing or eliminating valued community services and, in some cases, impacting long-term, valued City employees. As described in this report, the scale of the budget-balancing challenge is tempered to a degree by a refinement of the structural deficit that takes into account efficiencies, reorganizations and cost-saving actions implemented in recent months. The amount of the structural deficit will continue to be refined as more information becomes available in the coming weeks and months.

The recommended next step in the Fiscal Year 2010-11 budget development process is a March Study Session to discuss a possible revenue policy and to begin reviewing

specific revenue increase options. In addition, the March Study Session will be an opportunity for the Council to review responses to questions and additional information regarding the issues addressed in this report.

Prepared by:



Kevin C. Duggan
City Manager

KCD/PJK/4/CAM
546-02-23-10M-E^

- Attachments:
1. February 9, 2010 Staff Report—January 26 Workshop Outcomes
 2. Potential Global Budget Strategies
 3. Potential Department Operating Reductions for Fiscal Year 2010-11
 4. Potential Mid-/Long-Term Strategies



AGENDA: February 9, 2010

CATEGORY: New Business

DEPT.: City Manager

TITLE: Budget Development for Fiscal Year 2010-11

RECOMMENDATION

Review the summary of outcomes from the January 26, 2010 Council budget workshop and provide direction to staff on the next steps in the process of developing the Fiscal Year 2010-11 budget.

FISCAL IMPACT—There is no fiscal impact in approving the recommended action.

BACKGROUND AND ANALYSIS

The nature of the fiscal complexities facing the City has necessitated an earlier than normal budget development process. Council first met to discuss the Fiscal Year 2010-11 budget in late June 2009 and again in a Study Session on September 26, 2009. Most recently (January 26, 2010), the Council met in a budget workshop format to discuss the following subjects:

- Financial situation for the current fiscal year and projections for Fiscal Year 2010-11 and the following several years.
- Structurally balanced budget.
- Proposed principles to guide budget decisions.
- Suggested three-prong approach to reaching a structurally balanced budget.
- Categorization of City services into mandatory, commonly provided and unique to Mountain View.
- Cost recovery/fee for services.
- Long-term strategic initiatives.
- Community involvement.

AGENDA: February 9, 2010

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Council discussed the subjects and provided initial input to staff in regard to them. This memorandum summarizes the input received from Council and suggests next steps and a proposed time line.

SUMMARY OF INPUT FROM BUDGET WORKSHOP

While there was no formal or informal vote taken at the budget workshop, staff believes the following summarizes the input provided:

- A variance of opinion among Councilmembers regarding whether or not there needs to be a structurally balanced budget achieved for Fiscal Year 2010-11. Some Councilmembers feel that it needs to be structurally balanced next year and others feel reserves can be used for another year if a clear path is established (that will take longer than July 1, 2010 to achieve) to close the deficit in the following fiscal year.
- General agreement that the proposed principles may be helpful in making budget decisions; however, without weighting them, it may be difficult to use for priority-setting purposes.
- Consensus that a three-prong approach (reduction in operations, increasing revenue and employee concessions) is a good approach; however, that does not necessarily agree with the percentages attributed to each.
- Desire for operational reductions to be presented in terms of impacts on service rather than on individual reductions.
- Agreement that work done to categorize the City services is helpful (recognizes the subjectivity in making designations) and no further work is desired on it at this time.
- A consensus that staff needs to look closely at increasing revenue and there is a general interest in having staff develop a draft policy to guide decisions on setting fees for service. There is a difference of opinion on which recreation fees to increase the cost of recovery of City costs. An interest for the "market" to be inclusive of similar cities in terms of demographics, location and population. There is specific interest in making sure that the City differentiates between residents and nonresidents and that the later fee is not less expensive than what a nonresident would pay for a like service in their own community.
- Consensus expressed to not consider placing a tax measure increase on the November 2010 ballot.
- Interest was expressed in pursuing long-term initiatives—with more consensus needed to designate the priority of long-term initiatives to be evaluated.

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- A desire that staff continue to provide information to the community on the budget process and via Council meetings where the budget will be discussed and to enhance the information presence on the City's web site. Additionally, staff is to use the General Plan community e-mail list to communicate regarding the budget process and meetings. Staff is also to use the City's "Ask Mountain View" as a way to attract comments and suggestions regarding the budget.

NEXT STEPS

It is clear that the budget development process will continue to be iterative in nature. Staff is proposing that the next step be a budget workshop (Study Session) on February 23, 2010. During this workshop, staff will present a range of potential expenditure reductions that have been developed in a deliberative process with the department heads. It is anticipated that Council will provide feedback at the meeting and seek additional information to be provided at a later meeting. The February 23 Study Session is not intended to be the time to make final decisions regarding this range of potential options.

This Study Session would be followed in late March with another Study Session, at which time staff will provide information that was requested at the February 23 meeting, a proposed cost recovery policy and information on other revenues. Further Study Sessions will be scheduled in April as required and the City Manager will recommend a proposed budget to Council for both the General Fund as well as other funds.

CONCLUSION

Council has given staff input into several key areas that will impact the development of the Fiscal Year 2010-11 budget. It is helpful for Council to review the summary of Council input from the January 26, 2010 budget meeting and indicate any additional guidance on the fundamental budget issues. Staff will present Council a range of potential programmatic/service reductions for discussion purposes at the next budget Study Session scheduled for February 23. It is anticipated that the budget development process will continue with Study Sessions in late March and April with a recommended Proposed Budget being presented to Council in early May.

AGENDA: February 9, 2010
PAGE: 4

PUBLIC NOTICING—Agenda posting.

Prepared by:



Nadine P. Levin
Assistant City Manager

Approved by:



Kevin C. Duggan
City Manager

NPL/9/CAM
608-02-09-10M-E^

POTENTIAL GLOBAL BUDGET STRATEGIES

- Charge Internal Water Use a Wholesale Rate Instead of a Retail Rate: \$300,000

Currently, the City pays retail cost for the water the City uses to water parks and for other public facilities. Charging this water at the wholesale rate instead of the retail rate could create savings of up to \$300,000 but would result in a water rate increase of up to 2.0 percent.

- Eliminate General Operating Fund Support to Nonprofit Agencies:
Up To \$272,000

The General Operating Fund supports a number of nonprofit agencies, including CSA—Senior Meals, Health Trust, Junior Achievement, May View Community Health, etc. (see attached listing) for a variety of services. If the Council were to reduce funding 10.0 percent across the board, this would result in \$27,200 in savings. A reduction of 50.0 percent of funding would result in savings of \$136,000. General Fund contributions to the nonprofit agencies of Community Health Awareness Council, Community School of Music and Arts, and KMVT were not included in the reductions above as the City has certain obligations (e.g., Joint Powers Agreement or other partnership) for some services.

- Replace Social Security for Hourly Employees with Public Agency Retirement Services (PARS)—Alternate Retirement System (ARS): Up To \$100,000

To enroll hourly employees in PARS—ARS instead of Social Security, a minimum contribution of 7.5 percent is required, to be split in any manner between the employer and the employee. The employee's contributions are portable and they are immediately vested. General Operating Fund savings will depend on the employer contribution level.

PJK/2/FIN

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FUNDING OF NONPROFIT AGENCIES

<u>AGENCY</u>	2009-10 <u>Adopted</u>
<u>General Operating Fund Funded:</u>	
Community School of Music & Arts	\$ 15,490
CSA - Senior Meals	33,054
Health Trust (Home Delivered Hot Meals)	3,900
Junior Achievement	5,000
MayView Community Health Center	36,500
Project Sentinal - Fair Housing Services	15,000
Santa Clara Family Health Foundation	12,180
Support Network for Battered Women	32,000
Catholic Charities Long Term Care Ombudsman	8,000
Parents Helping Parents	5,000
Day Worker Center	10,000
Project Sentinel	91,944 (a)
Youth Sports Fee Waiver	4,000 (a)
General Operating Fund Total	<u>\$ 272,068</u>
 <u>Joint Powers Agreements or Other Partnerships:</u>	
Community Health Awareness Council	\$ 85,078
Community School of Music & Arts	
Arts in Action	52,259 (a)
Music in Action	24,800 (a)
United Way 2-1-1 (limited-period for 3 years)	10,000
Joint Venture:Silicon Valley	20,000 (b)
KMVT	70,000 (a)
Total	<u>\$ 262,137</u>
 Total Nonprofit Agency Funding (non CDBG)	 <u><u>\$ 534,205</u></u>

(a) Part of the City's operating budget, not requested by an Agency during the CDBG Public Hearing.

(b) Funded by the Shoreline Regional Park Community Fund.

**POTENTIAL DEPARTMENT OPERATING REDUCTIONS
FOR FISCAL YEAR 2010-11**

CITY CLERK

- Reduce Customer Service and City Council Support: \$45,000

The City Clerk's Office will no longer be able to support the scheduling, logistics and coordination of City Hall meeting rooms by outside agencies or organizations. City Council administrative support would also be reduced.

TOTAL: \$45,000

CITY ATTORNEY

- Reduce Code Enforcement Services by 50.0 Percent: \$125,000

Currently, staff responds to a complaint within five days of receiving the complaint. With the potential reductions, response times will increase significantly due to workload. Code enforcement actions will focus almost exclusively on life safety and zoning issues. Neighborhood preservation complaints such as front-yard storage, private-property parking complaints, signs and weeds would be considered lower-priority complaints and will result in some increase in the number of out-of-conformance properties.

TOTAL: \$125,000

CITY MANAGER

- Reduce the City's Multilingual Outreach Program: \$12,800

The impact of reducing the program will be to limit the ability to interpret and translate (at meetings and written communications) in Russian and Chinese and would require the reliance solely on volunteers to provide Russian, Chinese and to supplement the capacity in Spanish interpretation and translation.

- Restructuring of the City Manager's Office/Employee Services Department: \$42,200 to \$150,000

Restructuring the City Manager's Office and Employee Services Department will take advantage of efficiencies that will result in reduced staffing at the professional/managerial level as a result of retirement(s). The impact of the restructuring will result in reassigning some functions and tasks elsewhere in the

organization, reducing youth services coordination, limiting staff support to committees and commissions, reprioritizing current workload that will likely result in changes in timing and scheduling of certain work products and activities.

TOTAL: \$55,000 TO \$162,800

EMPLOYEE SERVICES

- Reduce Capacity in Recruitment and Training Support: \$62,000

The Employee Services Department would have less capacity to support hiring and promotional activities and may reduce the frequency of certain training and employee development activities.

TOTAL: \$62,000

FINANCE AND ADMINISTRATIVE SERVICES

- Reduce Contractual Services Funding: \$79,800

The City previously used a phone consultant to manage the City's phone lines and bills. This proposal transfers responsibility and management of the telephone system to the Information Technology Division. This may result in longer response times for traditional Information Technology service requests from City departments. Also included in these reductions is funding for the City Auditor to use for outside consultants in completing tasks assigned by the City Council. This service reduction will require the appropriation of additional funds as they are needed.

- Reduce Internal Support Services: \$116,700

Reduces resources in the Finance and Administrative Services Department, impacting customer service to some external and internal customers.

Although work will be reallocated to other staff to the extent feasible, there will likely be service-level declines in a variety of support functions. There will likely be delays in reconciling accounts, responding to customer service requests as well as delays in completing job requests in the Copy Center and Document Processing Center. Some copying jobs could be required to be outsourced, and there will be less flexibility and coverage during absences of vacation or illness.

TOTAL: \$196,500

COMMUNITY DEVELOPMENT

- Reduce Resources for Planning Services: \$277,500

Reduces day-to-day management and strategic oversight of planning services, potentially prolonging implementation of the General Plan. Also reduces resources to support processing and analysis of development proposals, including specialized consulting services such as Development Review Committee architects, traffic consultants and Geographic Information Systems expertise.

The Community Development Department may be able to compensate for these reductions; however, additional resources will likely be required if land development activity increases and the General Plan shifts to an implementation phase.

- Transfer Administrative Support to the Building Division: \$24,500

This is an internal realignment of staffing to provide more support to Building Division administrative functions, freeing up other Building Division personnel to focus on service delivery and cross-training.

TOTAL: \$302,000

PUBLIC WORKS

- Reorganize the Public Works Department Administrative Support and Transportation Sections: \$189,200

Reduces staff resources to support the Bicycle/Pedestrian Committee, Council Transportation Committee and Council Environmental Sustainability Committee—all three will meet on a quarterly basis. Administrative support to capital project management will also be reduced.

To provide the level of staff support required by the Council High-Speed Rail Committee during this period of peak activity, a limited-period (two years) Project Manager-level position will be needed at an estimated annual cost of approximately \$146,000 in temporary funding.

- Reduce Street Maintenance Operations: \$33,100

Reduces resources for preventive street maintenance resulting in a 15.0 percent to 20.0 percent reduction in pavement repairs. Other Streets Section activities (crack sealing, sidewalk repair, streetlight repair, sign replacement, street sweeping, etc.) would not be affected.

- Reduce Land Development Support in the Land Development Section: \$50,000

Reduces resources to respond to assignments not required by State law to be processed within specified time frames (e.g., excavation permits for residential and commercial developments that do not involve subdivision of land, excavation permits for utility companies, lot line adjustments, residential and commercial building permit reviews, requests received at the front counter, etc.). May also impact the section's ability to support the General Plan update and EIR.

- Reduce Traffic Engineering Support in the Traffic Engineering Section: \$20,000

Limits the number of Neighborhood Traffic Management Program (NTMP) projects to four projects per year (currently unlimited) and sets four as the minimum number of years required to revisit proposed NTMP projects that failed to meet the minimum screening criteria (currently one year). Also reduces resources to respond to residents' traffic-related inquiries and section review of improvement plans related to residential and commercial developments that are not required by State law to be processed within specified time frames.

- Reduce Facilities Maintenance Services: \$168,400

Reduces capacity to respond to and complete repair and maintenance-related work orders and requests at City facilities.

Reduces resources to perform both general preventive and skilled maintenance and repairs on heating, ventilating, air conditioning, and refrigeration control systems at City facilities. Some of the general HVAC maintenance functions could be shifted to other Facilities Maintenance Workers, further increasing their workloads, delaying other requested/required maintenance and repair functions, and potentially lengthening preventative maintenance cycles. For more complex and/or urgent HVAC maintenance and repairs, additional contract services may be required.

- Eliminate Dedicated Graffiti/Shopping Cart Abatement Program: \$54,700

Field crews would respond to shopping cart incidents when hazardous conditions are identified. Graffiti incidents would be addressed on an as-time-permits basis and will result in delayed response to graffiti clean-up. Water utility-related functions (e.g., special water meter reads, delinquent account notices, service turn-ons/turn-offs, etc.) would be absorbed by other water utility staff.

TOTAL: \$515,400

COMMUNITY SERVICES

- Reduce Administrative Support: \$99,000

Administrative support functions would be assigned to other staff to the extent feasible.

- Discontinue City Participation in Deer Hollow Farm: \$110,000

Deer Hollow Farm is a unique program operated by the City in partnership with the County of Santa Clara and the Midpeninsula Regional Open Space District (MROSD). Mountain View operates the facility, the MROSD provides maintenance staff, the County provides an annual cash contribution and additional revenue is received from camps and classes. The total program direct cost is \$250,000 (from all three funding agencies). The City withdrawing from the partnership could result in the closure of the Farm and would affect the approximately 5,000 students who participate in educational camps and classes as well as casual visitors. Depending on the program, between 40.0 percent and 80.0 percent of these students are from Mountain View.

- Reduce Ranger Contract Services, Overtime, Supplies and Reallocate Positions in the Parks Division: \$111,700

Reducing ranger hours will reduce the ranger presence in Cuesta and Rengstorff Parks to patrol and enforce park rules. This may require additional support from the Police Department to handle incidents outside ranger patrol hours. With these reductions, ranger hours will return to pre-2007-08 levels. Reductions in staff overtime and other accounts will make it more difficult to manage fluctuations in workload, special requests, storms and emergencies. The reallocation of positions from the General Operating Fund to the Shoreline Community is a technicality to more accurately charge employees' time.

- Eliminate Dedicated Weed Abatement Program: \$105,200

Decentralizing weed abatement and adding it to the workload of other employees will result in more weeds in City parks and medians as the maintenance priority is park safety and cleanliness. Park and roadside aesthetics will be affected and there will be additional burden on supervisors to train and monitor staff in the safe application of pesticides.

- Reduce Downtown Maintenance and Roadway Landscape Maintenance: \$119,000

The frequency of Castro Street high-pressure steam cleaning would be reduced from 16 to 9 times a year and steam-cleaning Centennial Plaza would be

eliminated. Decreased cleaning will affect the cleanliness and aesthetics of the downtown. Maintenance and service level reductions in roadway landscape will increase workloads and reduce trim cycles, resulting in less attractive medians and increased plant mortality over time.

- Reduce Tree Trimming Cycles or Eliminate Maintaining City Street Trees Behind Monolithic Sidewalks: \$264,000 to \$325,000

One approach is to reduce tree trim cycles from an average of every 7 to 10 years to 9 to 12 years, relying more on contract service for tree trimming, tree removals and routine service requests. (Note: The City maintains a current total tree inventory of 28,000 trees (19,000 of these are street trees), with plans to add 5,000 more.) An alternative approach is to transfer maintenance of the 12,800 City street trees located behind monolithic sidewalks to property owners. This reduces the street tree inventory maintained by the City from 19,000 trees to 6,200 trees. Either option reduces the City's ability to provide prompt customer service, plant new trees, water younger trees, remove debris, respond to emergencies and might affect the City's "Tree City USA" status.

- Reduce Center for the Performing Arts Client Technical Support Services and Frequency (Distribution) of *Preview* Magazine Mailings: \$99,800

Reduces the ability for Performing Arts staff to train clients, staff and volunteers in the proper and safe use of systems, spaces and equipment. Technical consultations would be eliminated, except on a cost-recovery basis, potentially impacting smaller, nonprofit clients. City-sponsored events would also be required to pay for direct out-of-pocket costs. On-line marketing efforts would be increased and the number of *Preview* magazines printed and mailed would be reduced.

TOTAL: \$908,700 TO \$969,700

LIBRARY

- Reduce the Materials Budget: \$50,000

Reduces the quantity of new materials added to the collection and the number of multiple copies of popular items. Library customers will have longer waits for popular books and DVD titles and old, worn-out materials will not be replaced as quickly.

- Eliminate General Operating Fund Support of Mobile Library Service: \$97,000

The City recently received a \$75,000 grant that will allow mobile library service to be continued at a reduced level in Fiscal Year 2010-11. While this will preserve

basic services, the number of facilities (primarily businesses, day-care centers and senior facilities) receiving service will be reviewed and some sites may receive less frequent stops. If additional grant funding is not obtained in future years, the Mobile Library Service Program will be discontinued unless supplemental funding is identified.

- Reduce Public Services and Programs: \$93,000

Library customers will experience longer wait times for services as fewer staff resources will be available.

- Reduce Library Hours: \$150,000

Reduces funding for the hourly support that allows the Library to operate 7 days, 64 hours per week. This reduction will result in the need to reduce Library operating hours 6 to 8 hours per week (with days and hours and affected services to be determined).

TOTAL: \$390,000

FIRE

- Reduce Fire Outreach/Education/Media: \$121,800

Reduces capacity of the Fire Department to conduct outreach to the community in the area of fire prevention and emergency preparedness, through public education and engagement. (Basic emergency preparedness planning and training will be continued, including CERT.) The ability to handle media inquiries or proactively engage the mass media to communicate prevention and preparation information will be reduced. Returns staffing and services for this function to the level prior to Fiscal Year 2007-08.

TOTAL: \$121,800

POLICE

- Reduce Community Services Officer Staffing: Up To \$785,300

The range of potential reductions will change the department response to certain incidents affecting customer service in nonsafety areas. Certain categories of crime reports with no suspect information, traffic collisions with no injuries, as well as service-related reports would be deferred to Internet reporting, phone reporting or counter reporting instead of assigning a Community Services Officer or Police Officer to take the police report.

Reductions to the Traffic Team would reduce the department's ability to locate, tag and remove abandoned vehicles from the roadway and respond to community complaints in a timely fashion.

Reductions in the Property and Financial Crimes Unit would preclude intensive follow-up to obtain financial records and evidentiary information to assist identifying theft victims. The department would have to divert about 100 cases to other investigative resources which may not have the capacity to absorb them, or limit the number of fraud investigations through policy changes involving solvability, dollar loss or other factors. Some crime victims would not have their cases investigated. The cases that with current staffing are followed up (but in this scenario would not) are infrequently prosecuted.

Reductions in the Crime Prevention Unit would affect security inspections, community outreach events, False Alarm Program and Neighborhood Watch Program. The Police Department would likely eliminate some programs, reassign some programs or request part-time resources to perform some of the functions.

The degree of impact would be determined by the number of positions eliminated. It is recommended that if only a portion of the Community Services Officer positions are eliminated, the Patrol Division positions be the last positions reduced.

These changes affect service levels, but not community public safety.

- Reduce Police Assistant Staffing: \$142,100

Service level impacts include less availability for people who have had their vehicle impounded to schedule a tow impound hearing to evaluate if their vehicle may be released to them.

Data collection and administrative support for the Traffic Sergeant will be eliminated, requiring the Sergeant to absorb the workload, reducing time available for traffic enforcement.

In Crime Analysis, there would be less frequent distribution of crime bulletins to assist in finding suspects, vehicles, etc. The reduced capacity to enter police reports into the computer system means some information may not be available for other criminal investigations.

In Investigative Services, the resources to locate missing persons and make contact with their families will be reduced, as will capacity to provide administrative support to the monitoring of registered sex offenders. This work will transfer to

Detectives to prioritize with their existing caseload, which will impact customer service.

- Reduce Records Section Staffing: \$343,600

Reduces the open hours for the public of the front counter of the Police Department and increases the time to turn around records requests to internal and external customers.

- Eliminate Police Athletic League (PAL) Staffing: \$25,000

This would have Mountain View PAL operated as a fully volunteer organization or have donations and/or grants cover the cost of any paid staff. This could significantly reduce the number of programs and events by Mountain View PAL.

- Reduce Administrative Support: \$99,000

Reductions to administrative support would shift responsibility and tasks to other administrative personnel and sworn staff. There will be slower turnaround on many projects and administrative assignments. Public service impacts may include less availability of "live" personnel answering the business line phones and the need to implement automated phone answering technology.

TOTAL: \$609,700 TO \$1,395,000

TOTAL OF ALL ITEMS: \$3,331,100 TO \$4,285,200

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POTENTIAL MID-/LONG-TERM STRATEGIES

Expenditures:

- **Containing the Growth of Enhanced/New Services:**

Until the City's fiscal condition is stabilized, the growth in, or enhancement to, General Operating Fund-supported services will need to be contained. Unless a dedicated funding source for a new or enhanced service can be implemented, the addition or enhancement of services will either result in a further reduction of other services or an increased structural deficit. While there will always be service areas that can be enhanced to better serve the community, the funding of these added or enhanced services appears unaffordable for the foreseeable future.

- **Containing the Growth in Annual Compensation Cost Increases:**

The primary driver in annual expenditure cost increases is compensation. In order to maintain the City's financial stability, the annual growth in compensation-related costs (salary and benefits) will need to be contained to match the City's ability to pay. The City will need to be cautious in committing to negotiated compensation increases to assure that they are affordable and within the City's means.

- **Containment of Long-Term Benefit Cost Increases:**

The City has been, and will continue to be, challenged to fund the long-term obligations relating to long-term benefit costs—specifically the PERS pension obligation and the Retirees' Health Insurance Program. These two benefit areas represent the greatest challenge to the City's long-term financial stability. Future cost escalations relating to these two programs threaten the City's ability to maintain appropriate service levels as well as the ability of the City to fund other aspects of compensation, including those related to salary and other benefit areas. Without structural changes to both programs, the City's financial future will be very challenging.

- **Deferring Capital Improvement Projects Requiring Increased Maintenance and Operating Costs:**

Caution will need to be exercised in proceeding with capital improvement projects that increase operating and/or maintenance costs. While some projects do not increase costs (or, such as energy conservation projects, can even decrease operating costs), many do. For example, the two neighborhood parks currently under design will require either an increase in the City's financial commitment to park

maintenance or, more likely, will result in an incremental decrease in the quality of park maintenance throughout the system as existing resources are further stretched. Until the City's fiscal condition is stabilized, there should be a thorough assessment of the operating cost of new facilities prior to proceeding with such projects.

- **Workers' Compensation Insurance Program Administration:**

Based on a preliminary analysis, there may be operational and policy changes that could be implemented to help manage costs associated with the Workers' Compensation insurance program. These could include greater use of "light-duty" programs and strategies to shorten the length of time that employees are off work. These changes have the potential to increase productivity and decrease costs, including those associated with backfilling temporarily vacant positions with overtime funds.

- **Additional Organizational Functional Consolidations/Reorganizations:**

While the City has a long history of evaluating and implementing functional consolidations/reorganizations to achieve greater efficiencies, we will need to continue to examine and implement such changes. The examination of potential structural changes that will help achieve greater efficiencies will continue to be a priority.

- **Alternative Service Delivery Models:**

There are a variety of alternative service delivery models that could be examined for some services currently provided "in-house" by City staff. These include:

- Contracting out to a private business service provider or nonprofit agency.
- Consolidating services through a contract or Joint Powers Agreement (JPA) with other area governmental agencies (other cities, school districts, etc.).

Potential examples include consolidating fire suppression services with the Santa Clara County Fire Department or forming a North County Fire JPA. Contracting out the operation of the Shoreline Golf Links and/or the Center for Performing Arts are other examples of potential alternative service delivery models. The escalating costs associated with our animal control contract with Palo Alto and multiple public safety specialty services (such as fire department hazardous response teams or police department SWAT teams) are also areas for potential review.

The Santa Clara County City Manager's Association is beginning to design a process to undertake a review of potential areas for joint service delivery.

- **Fire Department Minimum Staffing Requirement:**

Unlike any other City service, there currently exists a "minimum staffing" requirement in our bargaining agreement with the Firefighters' local. This states that the City is required to maintain 21 Firefighters on duty at all times. In the case of other City services, the City retains the right to determine staffing levels based on need and affordability. The budget provides for "overstaffing" of each of the three daily shifts by two Firefighters to provide for vacation, sick leave and other leaves. However, whenever vacation, sick leave or other leaves reduce the level of staffing below 21, staff is called back on overtime. This cost amounts to approximately \$1.0 million per year. Without minimum staffing (or reducing the minimum to 19), it would be possible to save a substantial portion of these costs while maintaining full staffing on each of the City's five fire engines. This may require taking the two-person rescue unit out of service when below 21 Firefighters on duty or some other service delivery/staffing configuration modification.

Revenues:

- **Voter-Approved Tax Measure:**

The City has primarily depended on expenditure reduction/management to deal with significant budget challenges. While there have been some changes in regard to fees and charges (cost recovery), unlike many other local cities, Mountain View voters have not been asked to supplement City revenues via a tax measure. As expenditure and service cuts become more difficult, the City Council may choose to ask the voters if they would prefer a tax measure revenue increase versus additional service reductions.

Options available include increasing the rate of the Utility Users Tax, increasing the local Sales Tax rate, increasing the Transient Occupancy Tax rate and modifying the Business License Tax structure. While the amount that can be raised varies significantly between these options, some could significantly enhance the General Operating Fund's current revenue base.

- **Economic Development:**

The City's economic development efforts must continue to be a priority in order to maximize local economic growth and revenue development. City assets, including City-owned properties, should be used to the greatest extent feasible for revenue enhancement.

- **Lighting and Landscape District:**

A Lighting and Landscape District can provide funding for services to a portion of a city or an entire city. Many communities have established such districts to fund services such as street landscaping maintenance, street tree maintenance, streetlight maintenance, etc. Unlike tax measures, a public vote is not required. However, notification of all property owners and the ability to protest (with a majority protest defeating the proposed district) is the authorization mechanism.

- **Downtown Maintenance District:**

The City's downtown area (Castro Street and adjoining streets) receives a higher level of maintenance than other areas of the community, including other commercial districts. Due to the higher level of maintenance and higher costs, it is not unusual to establish a specific funding mechanism to cover the costs of this higher service level paid for the property owners and/or businesses. Such charges can be via the Business Improvement District mechanism or a maintenance assessment district.

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Section B

POTENTIAL REVENUE ENHANCEMENTS FOR FISCAL YEAR 2010-11

INTRODUCTION

The report prepared for the January 26, 2010 Study Session noted that City services can be categorized as being either fully or partially fee-supported or fully funded by general purpose revenues. The decision whether or not to recover the cost of services through fees depends on if the service provides a general benefit to the community as a whole or only to certain beneficiaries. One of the three prongs proposed to balance the Fiscal Year 2010-11 budget is to increase the cost-recovery percentage for specific services. Council gave staff direction to bring the following information back to Council for consideration:

- Draft cost-recovery policy for recreation services/programs;
- Recommended changes to existing fees; and
- Identification of new fees.

If Council adopts a cost-recovery policy for recreation fees, staff will develop cost-recovery criteria and policies for other service areas that can later be added to this policy.

DRAFT COST-RECOVERY POLICY FOR RECREATION SERVICES

Cost-recovery policies can provide guidance for annual adjustments to service fees. Annual CPI or COLA increases do not always capture all the increases of the costs related to a service provision. Policies can be set at 100.0 percent of the total cost (direct and indirect cost) of providing a service or at some lower level. If a user-fee activity is not completely cost recovered, a General Operating Fund subsidy is necessary. There are reasons for subsidies, such as activities that provide some form of broader community benefit or that the City desires to target a specific population and/or promotion/marketing.

The City does not currently have a written policy to guide recommendations and decisions regarding setting recreation fee cost-recovery levels. Some cities have adopted formal cost-recovery policies that guide rate setting for new services and adjusting existing rates for services over time. In response to Council's expression of interest in a cost-recovery policy for recreation services and programs, staff has prepared a draft policy for Council's consideration. Developing a policy for Council's consideration involved the need to prepare criteria that reflected City values and was not simply a modification of another city's policy. The process and logic used in

developing the policy is described in the attached memo (Attachment 1). Exhibit 1 to Attachment 1 is the proposed draft policy that resulted from the process.

RECOMMENDED CHANGES TO EXISTING FEES

Staff reviewed General Operating Fund cost-of-service recovery fees to determine if any changes are appropriate for Fiscal Year 2010-11. Recommended changes are reviewed by City department below.

Community Services Department

Recreation Services

Recreation services and program-related fees were reviewed relative to the target recovery rate proposed in the draft cost-recovery policy, the current actual recovery rate and the market. Exhibit 3 to Attachment 1 presents the results of the review and the recommended fees. The fee adjustments result in a projection of up to \$600,000 in additional revenue to the General Operating Fund. Proposed fee adjustments vary in the degree of an increase. The most significant increases are in the areas where the City's current fees are highly subsidized from General Operating Fund revenue and/or are well below the market. A service area that is recommended for larger fee increases is Aquatics, and within this service area there are larger increases recommended for lap swim, master's swimming and the Los Altos-Mountain View Athletic Club.

Recommendations for fee change in summer camps, athletic field rental, barbecue rentals and gym rentals are other service areas where the recommended fee adjustment represents a significant increase over the current fee. It should be noted that there are other fees that, while below market, are not being recommended for an increase. Council may want to consider that some of the more significant increases be phased in over more than one fiscal year. As Council is aware, the City has a Fee Waiver Program (FWP) that serves as a mechanism to allow participation in recreation programs by families/ individuals that may not have the ability to pay.

In addition, staff recommends instituting a 1.0 percent to 3.0 percent on-line convenience fee to recover the costs of merchant fees the City must pay to process credit payments. This is projected to generate approximately \$15,000.

Center for the Performing Arts

For Fiscal Year 2008-09, the Center for the Performing Arts (CPA) produced revenue to support approximately 78.0 percent of the direct operating costs and is budgeted to receive \$822,400 in the current fiscal year. Attachment 2 provides an analysis of the CPA, both from a financial and operations perspective. The goal over the years has

been to keep the General Operating Fund contribution to the CPA as low as possible. In order to move closer to that goal, staff is recommending the following fee adjustments:

<u>Activity</u>	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Projected Additional Revenue</u>
Nonprofit Percentage of Gross Ticket Sales	*	*	\$10,000
Performance Fee Base Rate (MainStage—Nonprofit):			8,000
Weekend (Ticketed Performance)	\$1,050	\$1,500	
Weekend (Nonticketed Performance)	1,650	2,100	
Weekday (Ticketed Performance)	750	1,200	
Weekday (Nonticketed Performance)	1,350	1,800	
On-Line Transaction	3.00/transaction	5.00/transaction	6,200
Ticket Purchase (Box Office Phone)	2.00/ticket	2.50/ticket	5,000
Ticket Purchase (On-Line)	No Fee	0.50/ticket	3,800
Renter-Sold Tickets	0.50/transaction	1.00/transaction	<u>3,500</u>
Total Projected Incremental CPA Revenue			<u>\$36,500</u>

*Dependent on the type of renter and the current percentage paid by each renter.

Forestry

The City processes approximately 400 to 500 applications annually to remove Heritage trees. The applications typically involve one to two trees and the reasons for removal usually respond to guidelines in the ordinance. Two qualified in-house arborists review the application, evaluate the tree in the field and render a decision. The average cost of processing an individual application is \$95.00 and is the level of the recommended fee. Heritage tree appeals are filed by parties aggrieved by the decision for

removal. Processing an appeal can take anywhere from 3.0 to 7.5 hours of staff time. The appeal fee is recommended at \$300.00.

<u>Activity</u>	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Projected Additional Revenue</u>
Heritage Tree Application	No Fee	\$95.00/application	\$38,000
Heritage Tree Appeal	\$15.00	300.00	<u>1,710</u>
Total Projected Incremental Forestry Revenue			<u>\$39,710</u>

Public Works Department

In Fiscal Year 2003-04, a cost-of-service study was completed and the full cost was calculated for the services provided by a variety of departments, including Public Works and Community Development. At that time, Council adopted the Public Works fees at 75.0 percent of cost recovery, recognizing that approximately 25.0 percent of the work in support of private projects benefited the community in general. However, if certain fees (activities that benefit the project proponent rather than the community) were adopted at a 100.0 percent cost-recovery level, it is projected the fees would generate additional revenues of approximately \$55,100. Below is a list of the fees recommended to be 100.0 percent cost recovered:

<u>Activity</u>	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Projected Additional Revenue</u>
Encroachment Permits:			
Residential	\$ 834	\$1,069	\$ 470
Nonresidential	1,525	1,955	2,150
Temporary	658	840	728
Debris Box	89	114	750
Excavation Permit (Hourly)	115	211	43,200
Lot Line Adjustment	1,759	2,259	2,500

<u>Activity</u>	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Projected Additional Revenue</u>
Map Checking:			
Final Map	3,742	4,717	1,950
Additional per Lot	10	12	100
Parcel Map	2,245	2,795	1,650
Right-of-Way Vacation	1,194	1,534	680
Segregation of ADs	1,746	2,241	-0-
Additional per Lot	155	211	-0-
Sidewalk Permit (Residential)	2.56 LF 128 (min)	3.36 LF 168 (min)	480
Sidewalk Permit (NR)	226 (min) +5% of Construction Costs	291 (min) +5% of Construction Costs	260
Certificate of Compliance	542	700	<u>158</u>
Total Projected Incremental Public Works Department Revenue			<u>\$55,076</u>

Community Development Department

Also, in conjunction with the cost-of-service study completed in Fiscal Year 2003-04, Council adopted the Community Development fees as follows:

- 100.0 percent cost recovery for large, private developments except that housing projects use a tiered fee based on the size of the property.

Staff recommends elimination of the tiered fees since smaller housing projects are often more complicated and time-consuming than larger projects. This will have limited revenue increases because most of these applications require developers to pay for staff time on an hourly basis.

- 50.0 percent cost recovery for smaller applications, including Conditional Use Permits (CUP), Development Review Permits (DRP), Variances and other minor applications.

CUPs involve the review of conditionally permitted uses to determine whether they are appropriate for the particular location they are proposing to use. Staff recommends increasing the 50.0 percent cost recovery to 100.0 percent, but maintaining the 50.0 percent cost recovery for "minor CUPs" or "modification to existing CUP."

DRP involve the review of site, architectural and landscaping improvements or modifications to office, commercial, multi-family residential and single-family residential projects.

Staff recommends increasing the 50.0 percent cost recovery to 100.0 percent for some of these applications, but particularly not raising fees for applications that normally affect the homeowners except for FAR exceptions that are proposed to be 100.0 percent cost recovery.

- Some fees were not increased in 2003-04, particularly those that apply to nonprofits or child-care facilities.

Staff recommends keeping these approximately the same except the CUP and Design Review Committee (DRC) Permit fees for commercial child-care centers would be raised to 75.0 percent cost recovery.

These recommendations are projected to generate approximately \$55,700 in additional revenues.

Below is a list of the fees recommended to be increased.

<u>Activity</u>	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Projected Additional Revenue</u>
<u>100.0 Percent Cost Recovery with Tiered Pricing:</u>			
Design Review (DRC) >2,000 square feet	\$1,736/\$2,315	\$2,315	\$ 2,316
Maps:			
Parcel Map	1,459/1,947	1,947	976
Tentative Map	2,174/2,889	2,889	-0-

<u>Activity</u>	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Projected Additional Revenue</u>
Planned Community Permit:			
New Construction (ZA and CC Review)	5,314/7,085	7,085	-0-
New Construction (ZA Review)	2,684/3,578	3,578	-0-
Planned Unit Development:			
New Construction (ZA Review)	3,425/4,559	4,559	2,268
New Construction (ZA and CC Review)	4,682/6,246	6,246	-0-
Transient-Oriented Development:			
New Construction (ZA and CC Review)	5,736/7,647	7,647	-0-
<u>50.0 Percent Cost Recovery:</u>			
Conditional Use Permit:			
New	1,929	3,858	17,361
Development Review Committee (DRC):			
<2,000 Square Feet	667	1,158	5,892
Major FAR Exceptions in R1 Districts	2,772	5,544	2,772
Structures on New Standard Subdivisions on 5+ Lots	2,981	5,926	2,945

<u>Activity</u>	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Projected Additional Revenue</u>
Sidewalk Café	498	747	747
Sign Program	245	579	2,672
Signs (New)	245	368	4,920
Temporary Use Permit (TUP):			
Planning/Building Review	245	368	4,182
Variance R1/R2	1,224	2,457	1,233
Nonprofit or Child-Care CUP/DRC:			
Child-Care Center (CUP)	135	1,827	5,076
Family Child-Care Center (CUP)	71	200	129
Child-Care Center (DRC)	75	1,736	1,661
In addition, staff recommends adopting the new fee listed below based on 50.0 percent of the applicable Design Review Permit Fee:			
Historic Preservation Permit	No Fee	544	<u>544</u>
Total Projected Incremental Community Development Revenue			<u>\$55,694</u>

Library Services Department

The Library is recommending new and amended fees as follows:

<u>Activity</u>	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Projected Additional Revenue</u>
Community Room Rental	\$25.00 (<4 hours)	\$50.00 (<4 hours)	\$ -0-
	\$50.00 (>4 hours)	\$100.00 (>4 hours)	
Monarch/Swallowtail Room Rental	\$10.00 (<4 hours)	\$15.00 (<4 hours)	140
	\$20.00 (>4 hours)	\$25.00 (>4 hours)	<u>60</u>
Total Projected Incremental Library Services Revenue			<u>\$200</u>

* In recent fiscal years, the room has been utilized exclusively for City activities and no revenue is projected at this time. However, it is recommended to increase the fee for any potential rental opportunities.

Police Department

The Police Department has a variety of cost-of-service fees and recently engaged the services of a consulting firm to review all of the Police Department's fees. Results of the study were provided to the City on March 22 and there has not been sufficient time to review the report in detail. A preliminary review suggests that there are fees that the City is only recovering a small percentage of the cost to provide the service and there is the potential to adjust fees to produce additional revenue in the \$125,000 to \$350,000 range. Staff will review the report in greater detail and will provide a more accurate assessment of additional revenue potential at a future Study Session.

POTENTIAL NEW FEES

Council requested that staff look at the possibility of establishing an entrance/parking fee at Shoreline Regional Park (Park). A preliminary analysis of establishing a fee at the Park was provided to Council at the September 26, 2009 Budget Workshop and noted potential impediments and secondary consequences. Staff has researched the potential fee in greater detail and Attachment 3 provides additional information. In summary, staff has confirmed a fee would need to be approved by the County Board of

Supervisors. Additionally, there are potential negative impacts to the businesses in the Park (Shoreline Golf Links, Michaels at Shoreline restaurant and Boathouse/Lakeside Café), coupled with an inability to predict the revenue stream from a parking fee with a high level of confidence.

An additional fee that has been mentioned by members of the public and City employees (through the employee budget suggestion outreach effort) has been to charge for parking in downtown. Staff has undertaken a very preliminary review and has discovered that such a fee can, in fact, be established. Depending on the rate established, such a fee could produce a significant revenue stream. Establishing a parking fee, which is common in many cities, needs to be carefully reviewed as to unintended consequences. Charging for parking downtown could have significant impacts on the downtown and its businesses. If Council is interested in staff exploring the subject further, it will be researched but would not be assumed for the Fiscal Year 2010-11 budget.

CONCLUSION

One of the three prongs proposed to balance the Fiscal Year 2010-11 budget is achieving an additional \$1.0 million in revenue enhancements. This goal can be achieved by raising the cost-recovery level of City services and by establishing fees for services that are currently provided without charge. Staff has reviewed many of the City's fees and is recommending adjustments. Additionally, staff is proposing that Council consider adopting a cost-recovery policy for recreation services to guide how rates are established. Council is being presented with fee alternatives that, if implemented as presented, have the potential to produce in the range of \$900,000 to \$1.2 million.

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Attachments

CITY OF MOUNTAIN VIEW
MEMORANDUM

DATE: March 29, 2010

TO: Kevin C. Duggan, City Manager

FROM: David A. Muela, Community Services Director

SUBJECT: RECREATION COST-RECOVERY PROPOSAL

The purpose of this memorandum is to provide Council with a framework to consider establishing a cost-recovery policy for the Community Services Department's (CSD) Recreation programs and services.

Background

The City is facing a substantial budget challenge and is looking at ways to increase the financial sustainability of programs and services. The strategy proposed to Council at the January 26, 2010 Budget Workshop is to balance the Fiscal Year 2010-11 budget using a three-pronged approach—reducing expenditures, increasing revenues and containing the growth in employee costs. One of the strategies proposed is to increase revenues by adopting a cost-recovery policy to provide an ongoing structure for defining and maintaining cost-recovery or subsidy levels. Traditionally, most Recreation fees have been at a low cost-recovery rate and kept below market. Even many of the City's nonresident fees fall below resident fees in neighboring cities. The unintended consequence of these below-market fees is that the Recreation Division is not able to balance the demands for high-quality programs with a sustainable revenue stream. In order to continue to provide programs and services that benefit the community, staff is recommending the implementation of a Recreation Cost-Recovery Policy (Exhibit 1) as a way for Council to establish guidelines to categorize services and determine the appropriate level of cost recovery and, correspondingly, General Operating Fund subsidy.

The City does not currently have a written policy to guide recommendations and decisions regarding the setting of fees and recovery rates. Many cities have established cost-recovery policies to guide staff in the setting of fees for services provided. In the January 26, 2010 Study Session, staff presented findings to Council that identified five neighboring cities that have cost-recovery policies that relate to many Recreation programs and services offered in Mountain View. Staff also presented a Recreation fee survey (Exhibit 2) that was used to make initial estimations of how much revenue could be generated if fees were increased to market rates. Information from those surveys

form the basis for providing market information and recommending cost-recovery ranges for programs and services.

Purpose

The purpose of a cost-recovery policy is to establish uniform guidelines, cost-recovery levels and goals for recreation programs, events, activities and services. Establishing a cost-recovery policy will accomplish the following:

1. Provide a structure to calculate fees for recreation programs.
2. Establish cost-recovery levels based on the type of service, population served and the level of benefit to the community.
3. Allow Council to determine the appropriate level of cost recovery or General Operating Fund subsidy for programs and services.
4. Provide a systematic framework for tracking financial performance and identifying programs not generating the designated minimum cost recovery.

Principles for Discussion

This proposal builds on the financial strategies the City Council discussed at the September 2009 and January 2010 Study Sessions and is intended to define the parameters for a cost-recovery program. Council comments and direction on the following principals will guide staff in developing specific cost-recovery levels and policy guidelines based on population served and level of community benefit.

- Programs that have a community-wide benefit should have the lowest cost recovery.
- Programs that have the greatest level of individual or group benefit should have the highest cost recovery such as adult sports or special interest classes.
- Pricing of services should support and be consistent with City policies and objectives.
- Pricing of services should take into account market rates and the impact on demand which may override cost-recovery target considerations.
- Price nonresident fees higher than resident fees.

- Fees will be periodically reviewed and updated to keep pace with changes in the cost of living, market demands and/or to promote identified recreation programs.
- Staff will adjust fees to meet minimum cost-recovery target rates and to be consistent with market pricing.
- The City will continue a fee waiver program to offset the cost of programs for individuals or families that meet the established requirements of financial need and ensure access for all residents.

Categorization of Services

Based on information obtained from surveyed cities, staff is recommending cost-recovery levels based on type of service, target population and level of community benefit to maximize available resources to the greatest number of residents. Staff has preliminarily categorized services into one of three levels, from those providing a community-wide benefit (Level 1) to those providing an individual or group benefit (Level 3). The following is a description of each of the three proposed levels along with the recommended cost-recovery range:

Level 1: (0.0 percent to 50.0 percent)—The lowest level of cost recovery would be for those programs and activities that provide a community-wide benefit and can be accessed by the broadest cross-section of the population. They may also be services that are provided to a targeted subgroup and/or enhances the health, safety or livability of the community.

Level 2: (50.0 percent to 100.0 percent)—Mid-range cost recovery would be for those programs and activities that provide both a community-wide and an individual or group benefit.

Level 3: (80.0 percent to 122.0 percent)—The highest level of cost recovery would be for those programs and activities that provide benefit to an individual or group, are typically specialized and provide minimal or no benefit to the community. These may also be services that are available in the private sector.

Although the cost of service includes direct and indirect costs, staff is proposing the level of cost-recovery percentage be based on using direct costs only as that is the most common method used by neighboring cities to assign cost-recovery percentages and will make market comparisons with other cities more straightforward. Also, using direct costs will simplify the process for staff to monitor and track performance. In instances where staff proposes direct cost-recovery rates above 100.0 percent, it is to cover both direct and all or a portion of indirect costs associated with that program.

Twenty-two percent (22.0%) is the average amount of indirect costs, so a target recovery rate of 122.0 percent would capture both direct and indirect costs related to programs and services.

For the purposes of this proposal, direct and indirect costs are defined as follows:

- "Direct Costs"—Costs incurred directly by the cost center/program and include operational costs, salaries and benefits, capital outlay and vehicle maintenance.
- "Indirect Costs"—Costs include City-wide and department administrative overhead, facility overhead, utilities, capital equipment replacement reserve funding, insurance and cost of service from other departments.

For discussion purposes, staff has preliminarily categorized Recreation programs and services based on the three "levels" described above in the draft policy attached (Exhibit 1).

Cost-Recovery Goals

Staff recommends categorizing Recreation programs and activities into one of the three levels listed above based on the degree that activity provides a community benefit or serves an "at-risk" population. Each of the three levels has a corresponding cost-recovery range. The range for each category is broad, allowing Council to establish target recovery rates at any point within that range. Activities at the lower end of the range would have more of a community benefit than activities at the higher end. For instance, within Level 1, staff has recommended that the Summer Concert Program have a 0.0 percent cost-recovery level because it is available to all residents and benefits the downtown businesses. On the other end of the spectrum, staff is recommending that group barbecue rental be categorized at Level 3 with a 122.0 percent cost recovery because it benefits a group and not the community.

Activities within each program have a proposed target cost-recovery rate that is based on: the level of community benefit, market comparisons, past practice and department recommendation. It is further proposed that each target recovery rate have a plus/minus allowance of 5.0 percent to allow for fluctuations in the market and demand and provide flexibility to Council and staff to promote programs and services that may have both community and individual benefits. Once minimum ranges and target cost-recovery rates are set by Council, staff recommends the Council authorize the Community Services Director to set and adjust fees as long as cost-recovery ranges and target rates are maintained. The flexibility to set and adjust fees will maximize revenue by allowing staff to differentiate pricing in response to fluctuations in the market or demand, package programs to increase participation and/or promote new programs.

Ensuring Affordable Access

The City maintains a Financial Assistance Program (FAP) that is run in partnership with the Community Services Agency of Mountain View (CSA) to ensure that qualified individuals or families receive financial assistance to participate in Recreation programs and services. The City's FAP program is only offered to Mountain View residents. In Fiscal Year 2008-09, the City subsidized \$127,000 in fee waivers to qualified applicants. The City will continue to offer the FAP to qualified participants to ensure access to Recreation programs.

Revenue Generation with Fee Adjustments

If the City adjusts Recreation fees to meet the recommended cost-recovery target rates and/or recommended fees, staff estimates revenue could increase up to \$600,000 per fiscal year (Exhibit 3). Total program costs were calculated based on direct and indirect costs so Council can see the actual cost of that activity or program. In some instances, staff is unable to identify the exact cost of each activity within a program, so total program costs are shown. For instance, staff does not have the individual costs for each aquatics activity, but staff can provide the total program cost. That is also the same for the adult sports programs. Revised program fees were then evaluated based on the level of community benefit, if the program serves a "target" population, and market comparisons. Staff is proposing a plus/minus allowance of 5.0 percent of target cost-recovery rates. However, in some cases, in order to be within the market range, the cost-recovery percentage staff is recommending is below the target recovery goals, even with the allowance. In those instances, staff is recommending the program be evaluated over the next two fiscal years to determine if any measures could be implemented to reduce the cost of the program. If staff determines the program is not sustainable at proposed target recovery rates, then staff will either modify or discontinue the program or, if the program provides a community benefit, return to Council to request an increase to subsidy levels and/or move to a lower level of cost recovery.

Staff also recommends reevaluating target recovery rates in Fiscal Year 2011-12 to analyze how fee increases have impacted participation levels and recovery rates and make adjustments in fees or target rates where necessary. Because of the time delay in implementing new fees, staff will not be able to fully evaluate cost-recovery levels until the 2011-12 fiscal year.

Staff further proposes to change the nonresident fee from a flat rate per program to a percentage. Staff recommends charging a 25.0 percent increase to resident fees/services for nonresidents with a \$1.00 minimum charge. In Fiscal Year 2009-10, a flat fee of \$12.50 was charged to nonresidents for Recreation programs, whether the class cost

\$20.00 or \$300.00. Charging a percentage fee for nonresidents is more equitable and is consistent with neighboring cities. Staff is also recommending the elimination of the senior nonresident aquatics fees. Research revealed that the City's nonresident, senior aquatics fees were less than the resident senior aquatics fees in many other cities. By eliminating this fee, nonresident seniors would pay the standard "nonresident" fee for aquatics.

Conclusion

The City has limited resources and is finding it very difficult to continue to subsidize recreation programs and activities at the current level. In order to maintain programs and services, staff is recommending that cost-recovery guidelines and criteria be established to allocate resources to maximize services to the greatest number of residents. One way to accomplish this is to create target recovery rates based on type of service, population served and level of community benefit. A cost-recovery policy can also serve to support core programs and services that Council determines provides a community benefit, contributes to the City's health and safety, and/or supports at-risk populations. Staff recommends Council adopt a cost-recovery policy that allows for fluctuations in the market and provides for differential pricing within each category of service. Staff also recommends that once target rates are set, the Community Services Director be authorized to set and adjust fees as long as recovery rates are maintained. The flexibility to set and adjust fees will maximize revenue by allowing staff to differentiate pricing in response to fluctuations in the market and demand. Based on Council's comments on the draft cost-recovery policy for Recreation fees, staff will finalize and return to Council for adoption.

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- Exhibits:
1. Draft—Recreation Cost-Recovery Policy
 2. Recreation Fee Survey
 3. Recommended Recreation Cost-Recovery Targets and Fees and Projected Additional Revenue

CITY OF MOUNTAIN VIEW
DRAFT—RECREATION COST-RECOVERY POLICY

A Recreation Cost-Recovery Policy will allow the City of Mountain View to continue to provide high-quality programs and services to the community in a financially sustainable manner and to maximize benefits to the greatest number of residents.

Purpose

The purpose of this Cost-Recovery Policy is to establish uniform guidelines, cost-recovery levels and goals for recreation programs, events, activities and services. Establishing a Cost-Recovery Policy accomplishes the following:

1. Provide a structure to calculate fees for recreation programs.
2. Establish cost-recovery levels based on the type of service, population served and the level of benefit to the community.
3. Allow Council to determine the appropriate level of cost recovery or General Operating Fund subsidy for programs and services.
4. Provide a systematic framework for tracking financial performance and identifying programs not generating the designated minimum cost recovery.

Cost-Recovery Principles

The following shall serve as guidelines for categorizing Recreation programs and services based on types of programs, target populations and level of community benefit to determine appropriate subsidy levels:

- Programs that have a community-wide benefit have the lowest cost recovery.
- Programs that have the greatest level of individual or group benefit have the highest cost recovery.
- Pricing of services supports and is consistent with City policies and objectives.
- Pricing of services takes into account market rates and the impact on demand which may override cost-recovery target considerations.
- Nonresident fees are priced higher than resident fees.

- Fees will be periodically reviewed to keep pace with changes in the cost of living, market demands and/or to promote identified recreation programs.
- Staff will adjust fees to meet minimum cost-recovery rates and to be consistent with market pricing.
- The City will continue a fee waiver program to offset the cost of programs for individuals or families that meet the established requirements of financial need and ensure access for all residents.

Categorization of Services

In order to maximize available resources to the greatest number of residents, the prioritization of subsidies is based on type of service, target population and level of community benefit. Programs and services are categorized into one of three levels, from those providing a community-wide benefit (Level 1) to those providing an individual or group benefit (Level 3). These categories are used to set the minimum recovery range for each benefit level and corresponding subsidy rates. The following is a description of each of the three benefit levels:

Level 1: (0 percent to 50 percent)—The lowest level of cost recovery is for programs and activities that provide a community-wide benefit and can be accessed by the broadest cross-section of the population. They may also be services that are provided to a targeted subgroup and/or enhances the health, safety, or livability of the community.

Level 2: (50 percent to 100 percent)—Mid-range cost recovery is for programs and activities that provide both a community-wide and an individual or group benefit.

Level 3: (80 percent to 122 percent)—The highest level of cost recovery is for programs and activities that provide benefit to the individual or group, are typically specialized and provide minimal or no benefit to the community. These may also be services that are available in the private sector.

Although the cost of services includes direct and indirect costs, the cost-recovery range and target rates are based on a percentage using direct costs only. The percentages presented are to cover both direct and all or a portion of indirect costs associated with that program. Twenty-two percent (22.0%) is the average cost of indirect expenses for Recreation programs, so a target recovery rate of 122.0 percent captures both direct and indirect expenses related to that program or service.

For the purposes of this policy, direct and indirect costs are defined as follows:

- "Direct Costs"—Costs incurred directly by the cost center/program and includes operational costs, salaries and benefits, capital outlay and vehicle maintenance.

- "Indirect Costs"—Costs include City-wide and department administrative overhead, facility overhead, utilities, capital equipment replacement reserve funding, insurance and cost of service from other departments.

The following Recreation programs and services have been categorized by Council into one of three benefit "levels" described above:

Level 1 (0% to 50%)	Level 2 (50% to 100%)	Level 3 (80% to 122%)
<ul style="list-style-type: none"> • After-School Programs • City-Wide Special Events • Leaders in Training (LIT) • Senior Aquatics (resident) • Senior Garden • Summer Movies • Summer Concert Program • Teen Center • Teen Dances • Volunteer Services • Banner Hanging 	<ul style="list-style-type: none"> • Recreation Swim • Athletic Field Rental—YSO • Special Events 	<ul style="list-style-type: none"> • Adult Sports • Aquacize/ Aquatic Fitness • Group/Private Swim • Lap Swim • LAMVAC • Masters Swimming • Pool Rental • Red Cross Training for Lifeguards • Athletic Field Rental—All Other • Community Garden • Deer Hollow Farm Programs • Preschool Camps • Elementary Camps • Teen Camps • Facility Rental • Gym Rental • Special Interest Classes • Plaza Use Permits

Cost-Recovery Goals

Recreation programs and activities have been categorized into one of the three levels listed above based on the degree that activity provides a community benefit or serves an "at-risk" population. Each of the three levels has a corresponding cost-recovery range. Activities at the lower end of the range have more of a community benefit than activities at the higher end.

Activities within each program have a target cost-recovery rate that is based on: level of community benefit, market comparison, past practice and department recommendation. Each target recovery rate has a plus/minus allowance of 5.0 percent to allow for fluctuations in the market and demand and provides flexibility to Council and staff to promote programs and services that may have both community and individual benefits. Council authorizes the Community Services Director to set and adjust fees as long as cost-recovery ranges and target rates are maintained. The flexibility to set and adjust fees maximizes revenue by allowing staff to differentiate pricing in response to fluctuations in the market or demand, package programs to increase participation and/or promote new programs.

Ensuring Affordable Access

The City maintains a Financial Assistance Program (FAP) that is run in partnership with the Community Services Agency of Mountain View (CSA) to ensure that qualified individuals or families receive financial assistance to participate in Recreation programs and services. The City's FAP program is only offered to Mountain View residents and ensures access to all.

Partnerships

Partnerships with private and public entities are critical to enhance service levels and to keep programs and services affordable to residents. The City of Mountain View continues to cultivate relationships with volunteers, school districts and community-based organizations so that all parties can continue to provide quality services, programs and recreation.

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RECREATION FEE SURVEY

<u>Activity</u>	<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
<u>Level 1 (0%-50%)</u>								
1 Afterschool Programs (Elementary)	11.25 - 33.60/Hour (Grade K-5)	No programs offered.	6.00/day Elementary After school care. Contractor receives 70%.	No elementary program offered. Contract classes only.	+20.00/Month/Child 1.1M State/Federal grant funding (7 school sites, >1,000 children/day).	400.00/mo full time K-5 licensed program. 30.00/month for Every Day Play, Organized neighborhood program. 3.76/hour Elementary Specialty Classes	Free (with 5.00/year resident youth card)	After school program discontinued 2009-10. Free Mobile Recreation Program
2 Afterschool Programs (Teen)	10.00 - 33.60/Hour (Grade 6-8)	No programs offered.	No programs offered.	No Fees	1.00/day or 10.00/year for teen center	No teen afterschool programs offered.	Free (with 5.00/year resident youth card)	1.00/day drop-in program
Aquatics:								
3 Aquatic Fitness- Senior Res	Program not offered	No aquatics program	2.75/class members Membership: Res free 4.58/class non-members 30.00/annual NR (60 minute class)	8.63/class Res (69.00) 9.88/class NR (79.00)	3.00	Program not offered	Program not offered	6.00/class (Res and Non-res) (45-60 minutes classes)
4 Aquacize - Senior Res	Program not offered	No aquatics program	2.75/class members Membership: Res free 4.58/class non-members 30.00/annual NR (60 minute class)	Program not offered	Program not offered	Program not offered	Program not offered	6.00/class (Res and Non-res) (45-60 minutes classes)

<u>Activity</u>		<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
5	Lap Swim Pass (Sr Res)	3.50/swim (10 swims/35.00)	No aquatics program	1.50/swim (37.50/25 swims)	2.00/swim	Program not offered	Program not offered	Seniors swim free	Program not offered
6	Lap Swim Pass (Sr Non-Res)	3.00/swim (20 swims/60.00) 4.20/swim (42.00/10 swims) 3.60/swim (72.00/20 swims)	No aquatics program	5.00/swim (125.00/25 swims) +30.00 annual membership fee (Non-res seniors)	2.50/swim Senior Nonres	Program not offered	Program not offered	Seniors swim free	Program not offered
Banners (NP/Schools):									
7	Application	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee	35.00	No Fee
8	Hanging	372.00 Large Banners across Stevens Creek Blvd.	69.00/week (9') 134.00/week (18') Lincoln Park/Fremont/Grant	No Fee	25.00-100.00 /week (Res) 37.50-150.00 /week (Non-res) 104.00/week (NP advertising PA based NP events)	110.00 Temp on public ROW and private property	103.00 (1 hour) Street Light Banner, Temporary Banner (+insurance) 35.00 Temporary Banner	No Fee	No Fee (2 weeks max) No Fee (2 weeks max)
General Use									
Notification (1):									
9	Schools	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee
10	Private	55.00 (Res) 75.00 (Res business) 80.00 (NR) 100.00 (NR business)	No Fee	No Fee	No Fee	No Fee	No Fee	No Fee	1.00/person/hour (Res) 2.00/hour (Res Bus)
Seniors:									
11	Senior Classes	Not included in survey	Not included in survey	Not included in survey	Not included in survey	Not included in survey	Not included in survey	Not included in survey	Not included in survey
12	Senior Dances								
13	Senior Garden (Res only)								
14	Senior Social Services								

<u>Activity</u>	<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
Teens:								
15 The House (Teen Center)	No information available	No Fees (trip fees vary)	No Fees	No Fees	1.00/day or 10.00 annual membership	No information available	No Fees (with 5.00/year resident youth card)	1.00/day drop-in program
16 Teen Dances	No information available	74.00/10 dances	No information available	No information available	No information available	No information available	No information available	No information available
17 Teen Open Gym	No program offered	No program offered	No program offered	No program offered	No program offered	No program offered	No program offered	No program offered
18 Volunteer Services	Not included in survey	Not included in survey	Not included in survey	Not included in survey	Not included in survey	Not included in survey	Not included in survey	Not included in survey

<u>Activity</u>	<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
<u>Level 2 (50%-100%)</u>								
Aquatics								
Recreation Swim:								
Recreation Swim Day Pass								
19 Child (Res)	4.00 M-F 6.00 S-S	No aquatics program	2.00	4.00 Free 2 & under	3.00	Not offered	1.50	2.00 (2)
20 Child (Non-Res)	6.00 M-F 8.00 S-S	No aquatics program	2.00	4.00	3.00	Not offered	2.50	3.00
21 Adult (Res)	4.00 M-F 6.00 S-S	No aquatics program	2.00	5.00 3.00 Senior	5.00	4.50	2.50	3.00
22 Adult (Non-Res)	6.00 M-F 8.00 S-S	No aquatics program	2.00	5.00 3.00 Senior	5.00	Not offered	4.00	4.00
23 Family (Res)	Each family member pays appropriate adult or child day pass rate.	No aquatics program	2.00	N/A	Not offered	Not offered	Each family member pays appropriate adult or child day pass rate.	Each family member pays appropriate adult or child day pass rate.
24 Family (Non-Res)	Each family member pays appropriate adult or child day pass rate.	No aquatics program	2.00	N/A	Not offered	Not offered	Each family member pays appropriate adult or child day pass rate.	Each family member pays appropriate adult or child day pass rate.
25 Spectator	Same as swimmer	No aquatics program	2.00	5.00 3.00 Senior	Not offered	Not offered	Same as swimmer	Same as swimmer
Recreation Swim Season Pass								
26 Child (Res)	4.00 - 6.00/day No season pass offered	No aquatics program	2.00/day No season pass offered	2.50/Day Res 3.25/Day Non-Res	\$100.00 (1.47/day)	30.00 (.44¢/day)	47.00 (.69¢/day)	19.00/10 swims (1.90/day) Res
27 Adult (Res)	4.00 - 6.00/day No season pass offered	No aquatics program	2.00/day No season pass offered	3.00/Day Res 4.00/Day Non-Res	125.00 (1.84/day)	30.00 (.44¢/day)	52.00 (.85¢/day)	29.00/10 swims 2.90/day (NR) 42.00/15 swims (2.80/day) Res 56.00/15 (3.73/day) NR
28 Family (Res)	No season pass offered - pay daily rate	No aquatics program	2.00/day No season pass offered	2.00/Day Res 2.50/Day Non-Res	200.00 (2.94/day)	130.00 (1.91/day)	88.00 (1.29/day)	No season pass offered. Each family member pays appropriate adult or child day pass rate.

<u>Activity</u>	<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
29 Athletic Field Rental - YSO & NP	11.00/Res player 22.00/NR player (>51% Res) 66.00/NR player (<51% Res)	10.00/hour	No Fee	1.00-20.00/hour (grass) 25.00-50.00/hour (synthetic)	No Information	No Information	No Fee (>51% Res)	1.00/hour
30 Plaza Use Application	No comparable location	No comparable location	No comparable location	No comparable location	No comparable location	No comparable location	No comparable location	No comparable location
31 Special Event Application	N/A	160.00 + time & materials	N/A	</= 500.00 /class Miscellaneous Public/Private Training/Lectures/E vents +Permit Inspection Fee: 100.00-125.00 201-600 attendees	N/A	N/A	250.00	100.00

<u>Activity</u>	<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
<u>Level 3 (80%-122%)</u>								
Adult Sports:								
32 Basketball	Program Not Offered	67.50/game (40 minutes) +35.00/game for referees.	45.00-64.29/game Res 50.00-71.43/game NR	57.90/game Res 60.40/game Corporate Res 62.90/game NR	56.25/game	68.00/game	57.73/game Res 65.45/game NR	73.00/game
33 Flag Football	Program Not Offered	Program Not Offered	Program Not Offered	N/A	NA	NA	Program Not Offered	Program Not Offered
34 Coed Softball	51.50 - 57.50 /game	Program Not Offered	45.00-64.29/game Res 50.00-71.43/game NR	56.67/game Res 59.58/game Corporate Res 62.50/game NR	70.00/game	77.00/game	81.33/game Res 87.50/game NR	69.28/game
35 Mens Softball	51.50 - 57.50 /game	Program Not Offered	45.00-64.29/game Res 50.00-71.43/game NR	56.67/game Res 59.58/game Corporate Res 62.50/game NR	70.00/game	77.00/game	\$81.33/game Res \$87.50/game NR	69.28/game
36 Volleyball	Program Not Offered	Program Not Offered	Program Not Offered	40.00/game	43.75/game	NA/Drop In	Program Not Offered	50.00/game
37 Non Resident Player	10.00/player/season	12.00/player/season	+5.00-7.14/NR player/game See fee structure above	+5.00-5.83/NR player/game See Basketball and Softball above	No Fee	No Fee	+6.17-7.72/NR player/game See fee structure above	+10.00/player/season
38 ASA Enrollment (coed/mens softball) (1)	No information available	60.00/team	No information available	No information available	No information available	No information available	No information available	No information available
39 SANCRA Enrollment- all sports (1)	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available
40 Quick Score - all sports (1)	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available
41 Forfeit	20.00 1st game 60.00 Subsequent games	N/A	50.00	30.00	No Charge	No Fee	30.00	50.00

<u>Activity</u>	<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
Aquatics:								
Aquacize/Water Aerobics:								
42 Aquatic Fitness- Adults	Program not offered	No aquatics program	2.75/class members Membership: Res free 4.58/class non-mem 30.00/annual NR (60 minute class)	8.63/class Res (69.00) 9.88/class NR (79.00)	3.00/class	5.04/class (55 minutes)	Program not offered	6.00/class (Res and NR) (45-60 minutes classes)
43 Aquacize-Adults	Program not offered	No aquatics program	2.75/class members Membership: Res free 4.58/class non-mem 30.00/annual NR (60 minute class)	Program not offered	Program not offered	Program not offered	Program not offered	6.00/class (Res and NR) (45-60 minutes classes)
Group Swim Lessons:								
44 Youth & Adult (Res)	7.70/30 minutes Adult program not offered	No aquatics program. Co-sponsor swim lessons at other facilities.	7.00/30 minutes	8.63/30 min	8.00/30 minutes	6.22/30 minutes	5.30/30 minutes	9.22/30 minutes Youth 12.50/30 minutes Adults
45 Youth& Adult (NR)	7.70/30 minutes Adult program not offered	No aquatics program. Co-sponsor swim lessons at other facilities.	9.50/30 minutes	9.88/30 min class	8.00/30 minutes	7.78/30 minutes	6.80/30 minutes	9.22/30 minutes Youth 12.50/30 minutes Adults
Lap Swim								
46 Day Pass Res	4.00	No aquatics program	3.00/swim members 1.50/swim senior members Membership: Res free	4.00	5.00	5.50	2.50	Program not offered
47 Day Pass NR	4.80	No aquatics program	5.00/swim non-members 30.00 annual NR	4.00	5.00	Program not offered	2.50	Program not offered
48 Pass Res	3.50/swim (35.00/10 swims) 3.00/swim (60.00/20 swims)	No aquatics program	3.00/swim (75.00/25 swims) Membership: Res free	3.00/swim	Program not offered	Program not offered	2.50/swim Passes not offered.	Program not offered
49 Pass NR	4.20/swim (42.00/10 swims) 3.60/swim (72.00/20 swims)	No aquatics program	5.00/swim (125.00/25 swims) +30.00 annual membership	3.50/swim	Program not offered	Program not offered	2.50/swim Passes not offered.	Program not offered

<u>Activity</u>	<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
50 Los Altos Mountain View Aquatic Club (1) (LAMVAC)	No program offered	No program offered	No program offered	No program offered	No program offered	No program offered	No program offered	No program offered
51 Masters Swimming (Res)	Program not offered	No aquatics program	Program not offered	45.00-50.00/month (1.50-1.67/day) +40.00 annual fee.	Not offered	60.00/month	Program not offered	Program not offered
52 Masters Swimming (NR)	Program not offered	No aquatics program	Program not offered	45.00-50.00/month (1.50-1.67/day) +40.00 annual fee.	Not offered	Not offered	Program not offered	Program not offered
53 Pool Rental	No municipal pool	No aquatics program	20.00-70.00/hour depending on pool size 140.00/hour (NR)	60.00-180.00/hour Not including lifeguards. Insurance required.	125.00/hour (6 Guards)	19.00 non-profit 32.00 res 40.00 non-res (3 guards)	Program not offered	75.00/hour residents 90.00/hour non-residents. Min 2 lifeguards
54 Lifeguard	No municipal pool	No aquatics program	15.00/hour (Res) 15.00/hour (NR)	Not available through City	Not available through City	17.00 1st guard 16.00 additional	Program not offered	City does not provide lifeguards.
55 Red Cross Training for Lifeguards (Res)	175.00/36 hours (4.86/hour)	No aquatics program	No information available	189.00/36 hours (5.25/hour)	No information available	No information available	256.00/36 hours (7.11/hour)	225.00/36 hours (6.25/hour)
56 Red Cross Training for Lifeguards (NR)	180.00/36 hours (5.00/hour)	No aquatics program	No information available	219.00/36 hours (6.08/hour)	No information available	No information available	286.00/36 hours (7.95/hour)	255.00/36 hours (7.08/hour)

<u>Activity</u>		<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
Athletic Field Rental:									
57	Synthetic Field	All field types: 50.00/hour (2 hr min) >50% Res (NP) +600.00 deposit 50.00/hour (2 hr min) <51% Res (NP) +600.00 deposit 100.00/hour (2 hr min) <51% Res +600.00 deposit	10.00/hour (NP, Res Adult - >50%) 28.00/hour (NR)	Not applicable	30.00-60.00/hour (Res NP) 75.00-90.00/hour (Res) 80.00-130.00/hour (NR)	No Information	No Information	38.00/hour Res (inc attendant)	Not applicable
58	Fields (lights)		10.00/hour (NP, Res Adult >50%) 28.00/hour (NR)	30.00/hour (Res) 30.00-75.00/hour (NR)	7.50-75.00/hour (Res NP) 7.50-75.00/hour (Res) 10.00-150.00/hour (NR) +20.00/use	No Information	No Information	49.00/hour (Res) (inc attendant)	60.00/hour (Res) 75.00/hour (NR)
59	Fields (no lights)		10.00/hour (NP, Res Adult >50%) 28.00/hour (NR)	20.00/hour (Res) 40.00-50.00/hour (NR)	7.50-75.00/hour (Res NP) 7.50-75.00/hour (Res) 10.00-150.00/hour (NR)	No Information	No Information	38.00/hour Res (inc attendant)	25.00/hour (Res) 40.00/hour (NR)
60	Other Fields		10.00/hour (NP, Res Adult >50%) 28.00/hour (NR)	20.00/hour (Res) 40.00-50.00/hour (NR)	7.50-75.00/hour (Res NP) 7.50-75.00/hour (Res) 10.00-150.00/hour (NR)	No Information	No Information	38.00/hour Res (inc attendant)	25.00/hour (Res) 40.00/hour (NR)
61	Application (1)	No Fee	No Fee	No Fee	1.00/hour	No information available	No information available	No Fee (if >50% Res)	No Fee
62	Community Garden	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available

<u>Activity</u>		<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
Deer Hollow Farm: Summer Camps		No comparable program	Hidden Villa, Los Altos Hills Day Camp (1 overnight); 405.00-430.00/week (11.33-12.02/hour)	No comparable program	No comparable program	No comparable program	No comparable program	No comparable program	No comparable program
63	Resident		Overnight Camp (4 nights) 550.00/week (10.83/hour)						
64	SCC and MROSD Resident		Overnight Camp (11 nights) 1,005.00/week (3.80/hour)						
65	SCC or MROSD Resident								
66	All Others								
67	Elementary Camps	4.97 - 24.33/Hour Res 5.97 - 29.20/Hour NR	No information available	3.33/hour	7.96-12.50/hour Res 9.21-14.40/hour NR	5.00/hour	2.65-3.20/hour	2.84 - 12.75/hour Res 2.93 - 16.50/hour NR	4.63/hour Res 5.13/hour NR
Facility Rental :									
68	BBQ-Family	No information available	Not offered	Not offered	10.00/group (Res) 15.00/group (NR)	5.00/day Tot table 15.00/day (Res) 25.00/day (NR) Adult table 10.00/application (NR)	Not offered	Not offered	Not offered
69	BBQ Groups	25.00 Electricity or jumphouse	42.00/Day Youth Group 197.00 (Res) 348.00 (NR) Full Day 135.00 (Res) 225.00 (NR) One-Half Day	Small Parks (<50 people) 35.00/day (Res) 49.00/day (NR) Large Parks (>50 people) 55.00/day (Res) 69.00/day (NR)	40.00-110.00 (Res)	30.00-180.00 (Res) 40.00-190.00 (NR)	50.00-125.00	58.00/area/day	Not offered

<u>Activity</u>		<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
Gym Rentals (MVSP/WSC):									
70	Auxiliary Room	60.00/hour Res (Multi-purpose Room)	Not offered	Not offered	46.00/hour NP 69.00/hour Res 72.00/hour NR	300.00/hour	50.00/hour	41.00/hour Res (Youth Activity Center Room)	25.00/hour NP, Res (2 hour min) (Auxiliary) 50.00/hour 30.00/hour All Other (2 hour min)
71	Full Court - (Resident (2) /NP)	25.00/hour NP 40.00/hour Res	74.00/hour Youth, NP 134.00/hour Res	65.00/hour (inc attendant)	No information available	300.00/hour	17.00/hour	41.00/hour Res	75.00/hour NP, Res (2 hour min)
72	Full Court - (NR)	72.00/hour	248.00/hour	115.00/hour (inc attendant)		300.00/hour	17.00/hour	N/A	90.00/hour (2 hour min)
73	Half Court - (Resident (2) /NP)	10.00/hour NP 48.00/hour Res 48.00/hour NR	37.00/hour Res Youth, NP 67.00/hour Res Adult 124.00/hour NR	Not offered	56.00/hour NP 85.00/hour Res 85.00/hour NR	150.00/hour NP 150.00/hour Res 150.00/hour NR	No information available	Not offered	40.00/hour NP, Res (2 hour min) 50.00/hour NR (2 hour min)
74	YMCA - (Youth)	Not offered	Not offered	Not offered	Not offered	Not offered	Not offered	Not offered	Not offered
75	YMCA - (Adult)	Not offered	Not offered	Not offered	Not offered	Not offered	Not offered	Not offered	Not offered
Open Gym:									
76	10 Visits	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available
77	20 Visits	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available
78	Drop In	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available
79	Application (1)	No information available	No information available	15.00	No information available	No information available	No information available	No information available	5.00-15.00
80	Cancellation (1):	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available

	<u>Activity</u>	<u>Cupertino</u>	<u>Los Altos</u>	<u>Milpitas</u>	<u>Palo Alto</u>	<u>Redwood City</u>	<u>San Mateo</u>	<u>Santa Clara</u>	<u>Sunnyvale</u>
81	Holiday Classes	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available
82	Off Lease Dog Permit (1)	No information available	No information available	No information available	No information available	No information available	No information available	No information available	No information available
83	Preschool Camps & Classes	7.52-8.02/hour Res 8.82-9.32/hour NR	11.00/hour Res 12.10/hour NR	No comparable program	No comparable program	No comparable program	No comparable program	No comparable program	9.13-13.45/hour Res 9.94-13.85/hour NR
84	Teen Camps	4.97-24.33/hour Res 5.97-29.20/hour NR	Program Not Offered	Program Not Offered	5.69-7.07/hour Res 6.55-8.12/hour NR	7.50/hour	4.32/hour Summer Camp 81.00/week Service & Leadership Camp 305.00/week (inc trips)	4.23 - 12.75/hour Res 5.09 - 16.50/hour NR	7.00-8.43/hour Res 7.57 - 9.00/hour NR

(1) New fee recommended for Mountain View

(2) Resident Individual and Resident Business

RECOMMENDED RECREATION COST RECOVERY TARGETS AND FEES AND PROJECTED ADDITIONAL REVENUE

<u>Activity/Service</u>	<u>Current Fee</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>Total Cost (Direct + Indirect)</u>	<u>Recommended Fee (1)</u>	<u>Projected Additional Revenue</u>	<u>Comparable Range (2)</u>
<u>Level 1 (0%-50% of Direct Costs)</u>							
1 Afterschool Programs (Elementary)	No fee	0%	0%	\$202,378	No Fee Recommended	\$0	\$11.25-33.60/hour 6.00/day 20.00-400.00/month
2 Afterschool Programs (Teen) Note: Third party contributes \$10,000 annually	No fee	0%	0%	298,865	No Fee Recommended	0	10.00-33.60/hour 1.00/day Teen Center or drop in
<u>Aquatics</u>							
3 Aquatic Fitness/Aquacize Aquatic Fitness- Senior Res	1.00/class (55 min class)	45%	55% (A)	14.53	5.00/class (55 min class)	3,120	3.00-6.00/class (45-60 min)
4 Aquacize - Senior Res	1.00/class (55 min class)			14.53	5.00/class (55 min class)	6,240	6.00/class (45-60 min)
5 Lap Swim: Lap Swim Pass (Sr Res)	15.00/25 swims (0.60/swim)	30%	53% (B)	280,986	75.00/25 swims (3.00/swim)	0	1.50-3.50/swim
6 Lap Swim Pass (Sr Non-Res)	26.25/25 swims 1.05/swim	100%			Eliminate - Senior NR will pay NR rate.	0	3.60-5.00/swim +30.00/year (NR Sr)
(A) The projected cost recovery of 55% is for the entire Aquatic Fitness/Aquacize program. This includes senior classes categorized in Level 1 at 45% target recovery and regular classes categorized in Level 3 at 122% target recovery.							
(B) The projected cost recovery of 53% is for the entire Lap Swim program. This includes senior classes categorized in Level 1 at 30% target recovery and regular classes categorized in Level 3 at 122% target recovery.							
<u>Banners (NP/Schools):</u>							
7 Application	23.25	30%	30%	2,548	52.00/application	345	35.00/application
8 Hanging	76.00	30%	30%	17,583	139.00/hanging	1,953	372.00-732.00 flat 25.00-134.00/week (+insurance) +25% NR
<u>General Use Notification (3):</u>							
9 Schools	No fee	0%	0%	150	0	0	
10 Private	No fee	50%	50%	2,995	62.00/application	1,240	1.00-2.00/person/hr 55.00-100.00/event

<u>Activity/Service</u>	<u>Current Fee</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>Total Cost (Direct + Indirect)</u>	<u>Recommended Fee (1)</u>	<u>Projected Additional Revenue</u>	<u>Comparable Range (2)</u>
Seniors:				341,292 (C)			No comparables
11 Senior Classes	No fee	0%	0%		0	0	
12 Senior Dances	4.00-5.00	0%	0%		0	0	
13 Senior Garden (Res only)	11.75/plot/year	20%	20%	15,575	42.00/plot/year	1,845	
14 Senior Social Services	No fee	0%	0%		0	0	
(C) The total cost of \$341,292 is for all senior programs excluding senior gardens and aquatics.							
Teens:							
15 The House (Teen Center)	No fee	0%		71,268	0	0	5.00-10.00/year
16 Teen Dances	3.00 Member 5.00 Advance 8.00 @ Door	5%	2%	13,068	3.00 Member 5.00 Advance 8.00 @ Door	0	5.00
17 Teen Open Gym	No fee	0%	0%	8,076	No Fee Recommended	0	No comparables
18 Volunteer Services	No fee	0%	0%	101,675	No Fee Recommended	0	No comparables

<u>Activity/Service</u>		<u>Current Fee</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>Total Cost (Direct + Indirect)</u>	<u>Recommended Fee (1)</u>	<u>Projected Additional Revenue</u>	<u>Comparable Range (2)</u>
<u>Level 2 (50%-100% of Direct Costs)</u>								
Aquatics								
Recreation Swim:			50%	43% (4)	77,597		10,320	
Recreation Swim Day Pass								
19	Child (Res)	1.50				3.00		1.50-4.00
20	Child (Non-Res)	3.25				4.00		2.00-6.00
21	Adult (Res)	3.25				4.00		2.00-4.00
22	Adult (Non-Res)	4.25				5.00		2.00-6.00
23	Family (Res)	6.25				10.00		2.00 or Individual Rate
24	Family (Non-Res)	15.25				18.00		Individual Rate
25	Spectator	1.50				3.00		2.00-5.00 or swimmer rate
Recreation Swim Season Pass								
26	Child (Res)	40.75 (0.58¢/day)				66.00 (.94¢/day)		+30%-50% NR 30.00-175.00 (.44¢-1.47/day) or 2.00-6.00 day pass rate
27	Adult (Res)	52.25 (0.75¢/day)				88.00 (1.26/day)		30.00-196.00 (.44¢-2.80/day) or 2.00-6.00 day pass rate
28	Family (Res)	75.75 (1.08/day)				150.00 (2.14¢/day)		88.00-200.00 (1.26-2.94/day) or individual day pass rate
Note: No NR Recreation Swim passes available for CMV pools.								
29	Athletic Field Rental - YSO & NP	1.00/hour	70%	70%	68,320	2.00/hour	20,000	1.00-20.00/hour (Res) 22.00-66.00/hour (NR)
30	Plaza Use Application	76.00/ application	75%	75%	637	131.00/ application	165	
31	Special Event Application (K-14 events NP providing services to CMV Res)	76.00/ application	75%	75%	2,336	131.00/ application	605	100.00-250.00

<u>Activity/Service</u>	<u>Current Fee</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>Total Cost (Direct + Indirect)</u>	<u>Recommended Fee (1)</u>	<u>Projected Additional Revenue</u>	<u>Comparable Range (2)</u>
<u>Level 3 (80%-122% of Direct Costs)</u>							
Adult Sports:		100%	49% (4)	121,192			
32 Basketball (plus (D) and (E))	57.75/game			142.00	65.00/game	1,015	45.00-73.00/game +35.00/game (ref)
33 Flag Football (plus (D) and (E))	57.75/game			142.00	65.00/game	508	No programs offered
34 Coed Softball (plus (D), (E) and (F))	52.25/game			142.00	75.00/game	3,614	45.00-81.33/game
35 Mens Softball (plus (D), (E) and (F))	57.75/game			142.00	67.00/game	2,266	45.00-81.00/game
36 Volleyball (plus (D) and (E))	34.75/game			142.00	48.00/game	928	40.00-50.00/game
37 Non Resident Player	12.50/player				10.00/player	(375)	10.00/player/season or 0%-13%
38 (D) SANCRA Enrollment- all sports (3)	No Fee			0.50	.50¢/game/team	385	No comparables
39 (E) Quick Score - all sports (3)	No Fee			0.60	.60¢/game/team	462	No comparables
40 (F) ASA Enrollment (coed/mens softball only) (3)	No Fee			1.50	1.50/game/team	735	60.00/team
41 Forfeit	34.75/game			40.00	40.00/forfeit	0	20.00-60.00/game
Aquatics							
Aquacize/Water Aerobics:		122%	55% (A)(4)	68,004			NR: +14%-66%/class or +30.00 annual
42 Aquatic Fitness- Adults (55 min class)	3.00/class				8.00/class (55 min class)	3,900	2.75-8.63/class
43 Aquacize-Adults (55 min class)	3.25/class				8.00/class (55 min class)	7,410	6.00/class
(A) The projected cost recovery of 55% is for the entire Aquatic Fitness/Aquacize program. This includes senior classes categorized in Level 1 at 45% target recovery and regular classes categorized in Level 3 at 122% target recovery.							
Group Swim Lessons:		122%	122%	127,143		52,376	
44 Youth & Adult (Res)	4.00/30 minutes				7.00/30 minutes		5.30-9.22/30 min (Y) 5.30-12.50/30 min (A)
45 Youth & Adult (NR)	5.39/30 minutes				8.75/30 minutes		6.80-9.88/30 min (Y) 6.80-12.50/30 min (A)

<u>Activity/Service</u>		<u>Current Fee</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>Total Cost (Direct + Indirect)</u>	<u>Recommended Fee (1)</u>	<u>Projected Additional Revenue</u>	<u>Comparable Range (2)</u>
Lap Swim			122%	53% (B)(4)	280,986		47,416	
46	Day Pass - Res	3.00			10.65	5.00		2.50-5.50
47	Day Pass NR	4.00				6.00		2.50-5.00 +30.00 annual
48	Pass (Res)	52.50/25 swims (2.10/swim)				87.50/25 swims (3.50/swim)		2.50-3.50/swim
49	Pass (NR)	63.75/25 swims (2.55/swim)				109.00/25 swims (4.36/swim)		2.50-5.00/swim +30.00 annual
(B) The projected cost recovery of 53% is for the entire Lap Swim program. This includes senior classes categorized in Level 1 at 30% target recovery and regular classes categorized in Level 3 at 122% target recovery.								
50	Los Altos Mountain View Aquatic Club (3) (LAMVAC)	0.00	122%	122%	49,126	76.00/hour	49,400	No comparable program offered
51	Masters Swimming (Res)	17.50/month (Res)	122%	122%	81,876	43.00/month	42,420	45.00-60.00/month +40.00 annual
52	Masters Swimming (NR)	29.00/month (Non-Res)				54.00/Month		45.00-50.00/month +40.00 annual (+7.4%)
53	Pool Rental	57.75/hour + lifeguards	122%	41% (4)	3,750	125.00/hour	673	20.00-180.00/hour +20%-100% NR
54	Lifeguards	17.50/hour	122%	122%	20.00	20.00/hour	50	15.00-17.00/hour
55	Red Cross Training for Lifeguards (Res) (Participants hired by CMV as a Lifeguard are reimbursed the cost of the class after 60 days of work.)	184.00/36 hours (5.11/hour)	100%	85% (4)	13,984	229.00/36 hours (6.36/hour)	1,350	175.00-256.00/ 36 hours (4.86-7.11/hour)
56	Red Cross Training for Lifeguards (Non-Res) (Participants hired by CMV as a Lifeguard are reimbursed the cost of the class after 60 days of work.)	196.00/36 hours (5.44/hour)				286.00/36 hours (7.95/hour)	900	180.00-286.00/ 36 hours (5.00-7.95/hour)

<u>Activity/Service</u>		<u>Current Fee</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>Total Cost (Direct + Indirect)</u>	<u>Recommended Fee (1)</u>	<u>Projected Additional Revenue</u>	<u>Comparable Range (2)</u>
Athletic Field Rental:			100%		36,951		(G)	
57	Synthetic Field	57.75/hour (Graham)				70.00/hour (R) +25% (NR)		10.00-60.00/hour (Res NP) 10.00-90.00/hour (Res) 28.00-130.00/hour (NR)
58	Field - lights	57.75.00/hour (McKelvey, Crittenden)				70.00/hour (R) +25% (NR)		10.00-95.00 (Res NP) 10.00-95.00/hour (Res) 28.00-170.00/hour (NR)
59	Field - no lights	29.00/hour (McKelvey, Crittenden)				35.00/hour (R) +25% (NR)		7.50-75.00/hour (Res NP) 7.50-75.00/hour (Res) 10.00-150.00/hour (NR)
60	Other Fields	37.00/day				25.00/hour (R) +25% (NR)		7.50-75.00/hour (Res NP) 7.50-75.00/hour (Res) 10.00-150.00/hour (NR)
61	Application (3) (G) Amount of projected cost recovery and projected revenue for athletic field rental is unknown as the City has not had available field space to rent.	No Fee				25.00	1,250	No comparables
62	Community Garden	40.75/plot/yr (Willowgate)	122%	122%	11,335	135.00/plot/year	7,912	No comparables available
Deer Hollow Farm: Summer Camps			122%	122%	107,056			
63	Resident	122.00/week (3.22/hour)				289.00/week (7.65/hour)	53,440	Day Camp (1 night): 405.00-430.00/week (11.33-12.02/hour)
64	SCC and MROSD Resident	156.00/week (4.13/hour)				332.00/week (8.78/hour)	6,336	Overnight Camp: (4 nights)
65	SCC or MROSD Resident	192.00/week (5.08/hour)				347.00/week (9.18/hour)	5,580	550.00/week (10.83/hour)
66	All Others	227.00/week (6.01/hour)				361.00/week (9.55/hour)	1,072	(11 nights) 1,005.00/week (3.80/hour)

<u>Activity/Service</u>		<u>Current Fee</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>Total Cost (Direct + Indirect)</u>	<u>Recommended Fee (1)</u>	<u>Projected Additional Revenue</u>	<u>Comparable Range (2)</u>
67	Elementary Camps (5)	2.50/hour	100%	80% (4)	161,923	5.87/hour	61,048	2.65-24.33/hour +3%-30% NR
68	Facility Rental: BBQ-Family	5.00/table	122%	32% (4)	24,543 57.00	15.00/table Res	4,270	10.00-15.00 +50%-66% NR +10.00 application
69	BBQ Groups	51.00/section	122%	122%	74,246 103.00	103.00/section Res	37,544	30.00-197.00/day +25.00 electricity +25%-77% NR
70	Gym Rentals (MVSP and WSC): Auxillary Room	52.25-57.75/hour	122%	122%	313,605 100.95	101.00/hour	23,778	25.00-75.00/hour NP 40.00-300.00/hour
71	Full Court - (Res (6) /NP)	69.75/hour			111.05	111.00/hour	37,745	25.00-75.00/hour NP 40.00-134.00/hour Res
72	Full Court - (NR)	82.00/hour			138.81	139.00/hour	0	17.00-300.00/hour
73	Half Court - (Res (6) /NP)	34.75/hour			50.48	50.00/hour	58,182	10.00-56.00/hour (NP) 48.00-150.00/hour (Res, NR) 67.00/hour (A Res) 48.00-150.00/hour (NR)
74	YMCA - (Youth) Recommend eliminating this fee and charging these groups at the Non Profit hourly rate.	20.00/hour				Eliminate (use NP rate)		
75	YMCA - (Adult) Recommend eliminating this fee and charging these groups at the Non Profit hourly rate.	29.00/hour				Eliminate (use NP rate)		

<u>Activity/Service</u>	<u>Current Fee</u>	<u>Targeted Recovery of Direct Costs</u>	<u>Projected Recovery of Direct Costs</u>	<u>Total Cost (Direct + Indirect)</u>	<u>Recommended Fee (1)</u>	<u>Projected Additional Revenue</u>	<u>Comparable Range (2)</u>
Open Gym:							
76 10 Visits	12.25/Pass				15.00		
77 20 Visits	24.75/Pass				30.00		
78 Drop In	2.25/Day				3.00		
79 Application (3)	No Fee	100%			25.00	7,500	5.00-15.00/hour
80 Cancellation (3):	No Fee	100%			50.00	0	
81 Holiday Classes	5.00/hour	100%	100%	3,957	17.00/hour	2,284	No comparables
82 Off Lease Dog Permit (3)	No Fee	100%		12.20	10.00/year	690	No comparables
83 Preschool Camps & Classes	7.00/hour	100%	100%	142,117	7.50/hour	20,948	7.52-13.85/hour Res 8.82-13.85/hour NR
84 Teen Camps (5)	2.50/hour	80%	80%	68,755	8.00/hour	31,375	4.32-24.33/hour +8%-20% NR

Projected Revenue Summary

Level 1	14,743
Level 2	31,090
Level 3	<u>576,384</u>
Total Projected Additional Revenue	\$622,217

(1) Unless otherwise noted non residents will pay an additional 25% (minimum of \$1.00).

(2) Comparables of the surveyed city's that assess a fee.

(3) New Fee

(4) As referenced in the Recreation Cost Recovery report and recommended policy some fees are not set to recover the target cost recovery rate due to market rate constraints.

(5) Does not include field trip admission fees.

(6) Resident Individual and Resident Business.

CITY OF MOUNTAIN VIEW
MEMORANDUM

DATE: April 1, 2010
TO: City Council
FROM: Scott Whisler, Performing Arts Manager
SUBJECT: SUMMARY OF THE CENTER FOR THE PERFORMING ARTS (CPA)

PURPOSE

The purpose of this memorandum is to respond to Council's inquiry from the February 23, 2010 Study Session regarding the Mountain View Center for the Performing Arts (Center) operations and what it would take for the Center to be financially self-supporting.

BACKGROUND

The Center opened in 1991 and attracts between 118,000 and 170,000 visitors to the downtown each year. The Center offers diverse, high-quality performances; supports local arts groups who do not have the resources to produce their own performances; and introduces youth to the performing arts through children's programs and performance opportunities.

Center facilities include MainStage, a 600-seat traditional proscenium theater; SecondStage, a "black box" theater featuring flexible seating for 150 to 200 people; ParkStage, a small outdoor amphitheater that can seat up to 300 people; the Center Lobby, which serves both indoor theaters; a Rehearsal Studio; production support spaces, including control rooms, a scenery repair shop, a costume shop, a green room and dressing rooms; and offices for the Performing Arts Division. The Center also includes the Bean Scene Café, which is leased by an independent operator.

The Center operates on a rental basis; client organizations contract with the Center for performance and rehearsal dates and for ticketing, audience and technical services. The Center does not "produce" (defined as paying for and controlling all aspects of putting a performance together and retaining all ticket proceeds), and it does not "present" (defined as paying someone else to put together the performance and retaining ticket proceeds or splitting proceeds by formula with the producer).

The Center also does not control production content or quality, except to the degree that it provides quality in-house technical and audience services, nor is preference given to any client outside of the Council-approved Home Company program discussed below.

Home Companies

The concept of Home Companies was approved by Council and was developed as a marketing strategy for the newly opened Center to boost bookings, guarantee a minimum usage and capitalize on the audience base already built by established organizations. Home Companies at present (TheatreWorks and Peninsula Youth Theatre (PYT)) contract with the City for a predetermined period of time and receive priority booking status. The Home Companies serve as a mechanism to maintain quantity, quality and a diversity of programs at the Center; provide an ongoing base of programs; provide an established audience and public recognition; and provide stability to both the management of the calendar and the revenue base of the Center. Of the 333 scheduled performances at the Center in Fiscal Year 2009-10, 257 (77.0 percent) are contracted to the two Home Companies.

TheatreWorks is a professional theater company with a national reputation for high-quality production of new plays and provides a loyal audience base along with an important revenue stream for the Center. PYT is a community-based educational theater group which generates less revenue and provides learning and performance opportunities for hundreds of youth each year through stage performances and summer camps.

Rate Structure

The Center's rate structure is a two-tiered system with rates based on a percentage of gross ticket sales and/or a minimum base rental fee. (Home Companies and nonprofits pay the minimum base fee or a percentage of gross ticket sales, whichever is greater. Commercial users pay the minimum base fee plus the percentage of gross sales.) The ability to retain a percentage of gross sales allows the potential for increased Center revenue over and above the minimum base fee and is predicated on the success of the individual user's production. At no time does the City receive less than the minimum base fee. The minimum base fee is regularly adjusted for inflation, with a more significant upward adjustment proposed in Fiscal Year 2010-11 as a means to recoup a greater percentage of the Center's operating costs.

Minimum/base rates for each of the three primary theatres are provided below:

- MainStage—\$575 to \$875 per performance for Home Companies and \$2,325 for commercial renters.
- SecondStage—\$375 for Home Companies to \$1,050 for commercial renters.
- ParkStage—\$375 for Home Companies to \$900 for commercial renters.

Nonprofits' rates for each theater fall between those of the Home Companies and commercial renters.

The percentage of gross ticket sales is negotiable for each contract within a range established by Council. That range is between 10.0 percent and 20.0 percent for nonprofit organizations and from 15.0 percent to 50.0 percent for commercial users. Schools receive a reduced rate of 5.0 percent. Home Company percentages are negotiated and established for the entire contract period.

Rehearsal and technical time is charged on an hourly basis, ranging from \$40 to \$170 per hour based on stage location and category of user.

Booking Structure

Home Companies receive priority booking by contract. After Home Company dates are confirmed, requests from non-Home Company users are added to the calendar with priority given to requests for full-week runs, then for progressively shorter runs until finally single-day requests are filled in. Remaining dates, if any, are available on a first-come, first-served basis.

Over the past 10 fiscal years, the Center has booked an average of 403 use days each year. (A "use day" is defined as a calendar day with any number of activities by a client in a single Center space, whether for rehearsals, performances, technical work or a combination of the above.) Bookings for the MainStage have remained relatively stable over the years, varying between 326 use days in Fiscal Year 2002-03 to a low of 306 in Fiscal Year 2008-09.

Bookings for SecondStage have dropped significantly in recent years, going from 100 use days in Fiscal Year 2008-09 to 50 use days in Fiscal Year 2009-10. Factors limiting use of the SecondStage include the small seating capacity, which limits revenue potential for users, and lack of independent support space, which makes it difficult to use SecondStage simultaneously with MainStage or ParkStage. There is currently a

Capital Improvement Program project, CIP 10-30, to address these design constraints, which is hoped to increase SecondStage usage.

At the February 23, 2010 Budget Study Session, a member of the public expressed concern that they had recently experienced difficulty obtaining a performance date at the Center. Staff researched the request and determined that the MainStage theater dates requested had already been booked by a Home Company. MainStage bookings have remained strong and available space is limited. Staff is working with this client to develop alternative means of presenting their performances, including trying to use SecondStage or possibly partnering with other organizations to combine performance dates.

Financial

Center revenue is derived from the following fee categories: base fees (including rehearsal hour fees); percentage of gross ticket sales; ticket-based fees or service charges, including facility use fees (FUF) (fees charged to cover a portion of facility overhead) and other per-transaction charges; labor charges; sale of advertising in *Preview* Magazine; and lease revenue from the Bean Scene Café. In addition, there are occasional grants and donations. The following table shows the breakdown of Center revenue in Fiscal Year 2008-09:

	<u>2008-09 Audited Revenue</u>	<u>Percent of Total</u>
Base Fees	\$302,493	31.9%
Percentage of Gross	147,496	15.6%
Facility Use Fee and Other Ticket-Based Fees	232,942	24.6%
Charge-Back Labor (Technical, Audience Services, Tickets)	187,542	19.8%
Ad Sales (<i>Preview</i>)	35,214	3.7%
Bean Scene Café Lease	34,586	3.7%
Other	<u>6,585</u>	<u>0.7%</u>
Total	\$946,858	100.0%

Revenue from FUF fees and labor charge-backs are estimated to increase by approximately \$80,000 in Fiscal Year 2009-10 due to more comprehensive charge-backs and a new tiered FUF fee structure.

Percent of Cost Recovery

The following table illustrates Center revenue, expenditures, General Operating Fund subsidies and percentage of cost recovery over the last 10 years:

Fiscal Year	Total Revenue	Total Expenditures	General Fund Subsidy	% of Recovery
1999-00	\$536,365	\$1,060,380	\$524,015	50.6%
2000-01	\$598,786	\$1,061,274	\$462,488	56.4%
2001-02	\$613,269	\$1,110,412	\$497,143	55.2%
2002-03	\$648,442	\$1,088,847	\$440,405	59.6%
2003-04	\$636,312	\$995,974	\$359,662	63.9%
2004-05	\$830,364	\$880,198	\$49,834	94.3%
2005-06	\$878,515	\$982,625	\$104,110	89.4%
2006-07	\$991,825	\$1,084,668	\$92,843	91.4%
2007-08	\$926,130	\$1,176,572	\$250,442	78.7%
2008-09	\$946,858	\$1,209,314	\$262,456	78.3%

Total expenditures above includes only the direct expenditures associated with Center for the Performing Arts Division and does not include other costs associated with the maintenance and operations of the facility (e.g., debt service, insurance, utilities, facilities maintenance, equipment replacement, administrative overhead, etc.).

Increased Market Competition

Since the Center opened in 1991, the market has become much more competitive as various theaters of comparable size have opened around the South Bay. These include theaters with approximately 400 seats at Mountain View High School, Los Altos High School, Foothill College, De Anza College, Ohlone College and the Oshman Family Jewish Community Center in Palo Alto, as well as theaters with seating capacity near the Center's MainStage capacity of 600 at the Mexican Heritage Plaza in San Jose and San Jose Rep. All of these theaters are available for rent. Though none of these theaters offer the range of production and front-of-house services offered by the Center, they are

viable alternatives. This increased competition between facilities has made the Center more vulnerable to market changes and competitive pricing.

How Can the Center Be Financially Self-Sustaining?

The design of the Center makes it extremely difficult to balance the budget entirely on operating revenue. The small seating capacities in MainStage and SecondStage limit the potential for revenue based on ticket sales and, therefore, limit the rent that producers are able and/or willing to pay.

A recent study commissioned by the International Association of Assembly Managers suggests that this is not unusual; it showed that the average cost recovery among the 25 top-performing, privately owned and municipal performing arts centers in the country is 72.0 percent, with a range of 34.0 percent to 90.0 percent. The Center is currently at 78.3 percent cost recovery for Fiscal Year 2008-09. The Center's percentage of cost recovery has increased significantly over the last 10 years, going from 50.6 percent in Fiscal Year 1999-2000 to 78.3 percent in Fiscal Year 2008-09. The increase in the percentage of cost recovery is due to the recent changes to the fee structure and charging back more labor costs to the client. While significant gains have been made in the percentage of cost recovery, the rate and fee increases proposed as part of the Fiscal Year 2010-11 budget may prevent some smaller community groups from booking the Center.

In addition to the additional fees and charge-backs proposed in the Fiscal Year 2010-11 budget, the unfunding of the Performing Arts Assistant will result in a \$93,000 savings to the Center. This reduction will eliminate technical services traditionally provided to clients as part of their rental, except to those willing to pay additional charges for the service. The reduction in the technical services will primarily impact smaller clients and may affect the number of community art groups that are able to use the Center because they lack the resources to provide the services themselves or to pay the additional fees. This may result in decreased bookings.

One way to eliminate the General Fund subsidy would be to discontinue all client support services and booking the facility via a "four-wall" model approach. Under this model, no technical, audience or ticket services would be provided. Alternatively, the building could be leased to an outside commercial or nonprofit operator. Either alternative would significantly reduce operating expenses and overhead costs. However, either has the potential to exclude some or all of the Center's smaller, community-based organizations and could jeopardize the Home Company program.

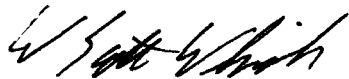
Other revenue sources that are often used to fund or support performing arts centers include, but are not limited to, special taxes (i.e., redevelopment districts, transient

occupancy taxes), parking fees, on-site concessions, fundraising and foundations. The concept of a nonprofit foundation was among the topics discussed by Council and the Performing Arts Committee (PAC) in Study Session on November 12, 2009 and is included the Fiscal Year 2010-11 PAC Work Plan.

CONCLUSION

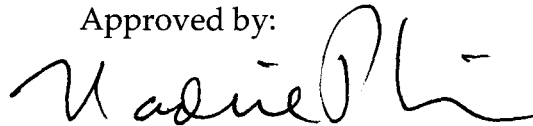
The Center for the Performing Arts is a community asset, fostering the arts and community theater, bringing visitors to the downtown and exposing youth to the performing arts and providing them performance opportunities. The design of the building and the number of seats limit the revenue that can be generated and makes it difficult for the Center to pay for its programs entirely through operating revenue. The Center has made significant strides in increasing the level of cost recovery, going from 50.6 percent cost recovery 10 years ago to 78.3 percent in Fiscal Year 2008-09 and achieving a cost-recovery level above the average industry standard. The Center's relationship with the Home Companies has brought a stable revenue stream, increased visitorship to the downtown and provided the opportunity to connect youth with art programs. The way in which the Center supports arts in the community is one of the things that sets Mountain View apart from other municipalities and makes the downtown an evening destination.

Prepared by:



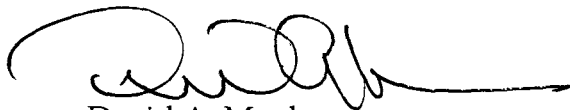
Scott Whisler
Performing Arts Manager

Approved by:



Nadine P. Levin
Assistant City Manager

Reviewed by:



David A. Muela
Community Services Director



Kevin C. Duggan
City Manager

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CITY OF MOUNTAIN VIEW
MEMORANDUM

DATE: April 1, 2010
TO: City Council
FROM: Nadine P. Levin, Assistant City Manager
SUBJECT: POTENTIAL TO ESTABLISH AN ENTRANCE/PARKING FEE AT
SHORELINE REGIONAL PARK

INTRODUCTION

Council requested, at the June 23, 2009 Fiscal Year 2010-11 Budget Study Session, that staff research the potential to establish an entrance/parking fee at Shoreline Regional Park (Park). Staff presented a preliminary assessment of the topic at the September 29, 2009 Budget Study Session. At that time, staff indicated there were potential impediments and consequences to establishing a fee and that, if established, the fee could potentially raise \$1.4 million to \$2.0 million (the report clearly stated the number was based on untested assumptions). Subsequent to the September 29, 2009 report, staff has done a more complete analysis on the topic. In doing more extensive research on the potential fee, staff has explored the following subjects:

- Legal Issues
- Operational Considerations
- Financial Projections

The remainder of this memorandum discusses each of the factors and how they relate to assessing the potential and desirability of establishing an entrance/parking fee at the Park.

LEGAL ISSUES

The City Attorney's Office has reviewed two legal issues related to establishing an entrance/parking fee:

1. Requirement for County authorization to establish a fee; and
2. The ability to take revenue generated from a fee into the General Operating Fund.

County authorization relates to two funding agreements with the County for the acquisition and development of the Park. In 1969, the City and Santa Clara County (County) entered into an agreement wherein the County provided the City with \$600,000 for the acquisition of 400 acres of tidelands for the park. One relevant provision of the agreement is that the "City shall not, without prior consent of County, differentiate against any person residing in the County an admission of fees that may be maintained on the basis of residence." This agreement did not contain a termination provision.

In addition to the 1969 agreement, the City entered into an agreement with the County in 1979 wherein the County agreed to provide the City with approximately \$1.2 million in reimbursement funds related to specific capital improvements at the Park. The 1979 agreement states that the City "shall not differentiate among any persons residing in this County as to the admission to the Park or obtainment of any Park use fees that may be charged on the basis of residence. No Park entrance, admittance or parking fee may be charged without the prior consent of the Board of Supervisors."

The City Attorney's Office concluded that, based on the 1969 and 1979 agreements, the City would need to seek approval from the County to establish an entrance or parking fee and there could not be a difference in the fee charged to Mountain View residents and other residents in the County.

Appropriate flow of revenue achieved from a parking fee at the Park into the General Operating Fund instead of the Shoreline Community Fund was also reviewed by the City Attorney's Office in consultation with outside legal counsel. The analysis of the Shoreline Regional Park Community Act (Act) concludes that the "off-street motor vehicle parking lots" constructed in the Park is vested in the City and are owned, maintained and operated as part of the City system. The Act does not contain any restriction regarding the parking facilities, nor does the Act specifically address revenues generated by the parking lots. Based on this analysis, the conclusion reached is that the City would be entitled to any revenues generated by the parking facilities.

This two-part legal analysis clarifies that the County would need to approve the establishment of a fee and that there can only be one rate for residents, and nonresidents would need to be treated the same without approval of the Board of Supervisors. The second analysis clarifies that if a fee is established, revenue generated from the fee can be considered General Operating Fund revenue.

OPERATIONAL CONSIDERATIONS

There are several operational matters to consider in establishing an entrance/parking fee at the Park. The two main issues are putting in place an infrastructure to collect the fee and the analysis of what the establishment of a fee means to businesses, in this case Michaels at Shoreline restaurant and Silicon Shores, Inc., which operate private concessions located in the Park. Both issues were analyzed for the preparation of this report, but a caveat is necessary to note that it is not possible to make accurate predictions regarding what the full impact of establishing a practice of charging for what has been previously free will have on behavior (in terms of the number of cars entering the Park). Potential impact to the golf course would also need to be analyzed. Even with a reimbursement system or validation, the ease (or perceived ease) of patronizing the businesses could be affected.

Infrastructure Necessary to Collect a Fee

Shoreline Regional Park has several points of pedestrian access and one vehicular point of entry. The majority of visitors enter the Park through the main vehicular entrance (Gatehouse entrance) on Shoreline Boulevard; however, many also enter via pedestrian access points. Staff does not believe it would be feasible or economical to monitor all access points to charge an entrance fee. Thus, staff believes that if a fee were to be assessed, it be done on vehicles entering the Park and be referred to as a parking fee rather than an entrance fee. In order to collect a parking fee, there would need to be staff at the Gatehouse to give out tickets as vehicles enter and collect fees when they leave the Park. An alternative is to install a ticket dispensing machine (with an automatic arm) upon entrance and have staff only involved in the collection of the fee upon exit.

Potential Impact on Businesses Located in the Park

There are a number of amenities in the Park, including the golf course, Boathouse and Lakeside Café, Michaels at Shoreline restaurant, Rengstorff House and others. Some of the amenities are available for charge and others are free. The question staff considered is if a patron entering the Park to use the services of one of the venues located in the Park had to pay a parking fee, would they still come to the business. It is not clear how many might choose to not come to the business at all or, alternatively, could park outside the Park and walk in. One way to potentially mitigate the impact of a parking fee is to have the businesses offer a validation if a visitor makes a purchase at one of the businesses (including the golf course). Even with validation, the perceived

inconvenience could negatively impact these businesses. In addition to the unknown impact to the businesses in the Park (even with a potential validation tied to a purchase), there is a potential for other unintended consequences:

- More visitors may park their vehicles outside the Park, impacting parking for businesses located near the Park.
- Traffic into and exiting the Park may back up onto Shoreline Boulevard at times as people are stopping to secure a ticket or pay for the parking fee.
- Parking fees may negatively impact private rental of event spaces at Michaels at Shoreline restaurant, the Lakeside Café and/or the Rengstorff House.
- Visitors wanting to drop off and/or pick up visitors in the Park could be impacted.

FINANCIAL PROJECTIONS

Making reasonable financial projections for a revenue stream from instituting an entrance/parking fee at the Park is complicated and very difficult. Assumptions regarding the cost to put an infrastructure in place to collect the fee and the fee to charge are fairly straightforward. What is difficult to project with any sense of accuracy is the number of vehicles that will enter the Park once a fee is established and how many of them will receive a validation by making a purchase at one of the businesses located in the Park. In attempting to analyze the potential revenue stream, staff considered the number of parking spaces in the Park and made assumptions regarding turnover in the parking spaces on average and as to the number of visitors driving into the Park to patronize a business (that would receive a parking validation in turn for making a service purchase). The results of this analysis suggest annual revenue (before expenses) in the range of \$400,000, assuming a parking fee of \$5.00 per vehicle. After taking into consideration operating expenses, the net revenues are approximately \$250,000. It needs to be emphasized that the most sensitive variable in the analysis is the number of vehicles that will still enter the Park after a fee is instituted and, of those entering, how many will secure a validation from one of the businesses located in the Park. Another potential financial impact to consider is if the fee will reduce business for the concessions in the Park and result in lower revenue to the City from these businesses.

CONCLUSION

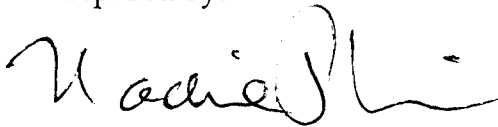
Staff presented a preliminary analysis regarding charging an entrance/parking fee at the Park to Council at the September 29, 2009 Fiscal Year 2010-11 Budget Workshop. This analysis was undertaken by staff at the request of Council to research the concept.

Staff noted in the analysis that there were potential impediments and consequences to establishing a fee and staff was asked to do more analysis. In doing further analysis, staff has looked at the related legal issues, operational considerations and financial projections. The legal analysis indicates that any revenue secured from a fee can, in fact, flow to the General Operating Fund, but the Santa Clara County Board of Supervisors would need to both approve a fee and what, if any, distinction could be made regarding the fee charged to City and non-City residents. Looking at operational considerations, there would be a need to have an employee (or contractor) to handle the fee collection. Adequate internal cash-handling controls—for example, cameras—may need to be put in place to ensure the City receives all parking fees. Additionally, the potential impact on the businesses located in the Park needs to be considered and ways to potentially mitigate the impact. One possible way is to permit the businesses to issue a parking validation with a service/product purchase. However, that may not fully avoid negative impacts on these businesses.

When considering instituting a fee, the main consideration is what will be achieved in the way of revenue from the fee. It is important to point out that the assumptions used by staff have not been tested nor had the benefit of outside input/expertise. As such, assumptions regarding potential revenue, the number of vehicles entering the Park and the number that will secure a parking validation from one of the businesses make it impossible to predict the outcome with a high level of confidence or accuracy.

However, based on the assumptions used, staff feels that the revenue stream, after expenses, could be around \$250,000 annually. If the Council is interested in continuing to pursue an entrance/parking fee at the Park, staff would recommend that a parking consultant be engaged in concert with an economic or market consultant to provide a more accurate analysis. It would appear challenging to consider such a potential fee in the context of the Fiscal Year 2010-11 budget adoption.

Prepared by:



Nadine P. Levin
Assistant City Manager

Approved by:



Kevin C. Duggan
City Manager

NPL/7/FIN
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Section C

RESPONSES TO QUESTIONS FROM THE FEBRUARY 23, 2010 STUDY SESSION

This attachment provides additional information in response to City Council questions regarding potential budget balancing options.

1. Provide the savings from the 24.5 (23.55 General Operating Fund) filled FTEs impacted by the potential program reductions and the 10.0 (9.34 General Operating Fund) vacant FTEs.

The estimated savings from the 24.5 filled FTEs is \$2.5 million and from the 10.0 vacant FTEs is \$1.1 million, for a total estimated savings from all 33.5 FTEs of \$3.6 million.

2. The Potential Department Operating Reductions for Fiscal Year 2010-11 list (Attachment 3 from the February 23 Study Session Report) has been revised to include positions tied to each potential reduction (Attachment 1).
3. Charge Internal Water Use a Wholesale Rate Instead of a Retail Rate (\$225,000): Provide additional explanation about how the water charge (wholesale versus retail) to City operations would work.

The City of Mountain View is the largest consumer of water in the City. Water is used for public areas such as parks and landscape medians, etc. Currently, the City pays for water at the retail commercial water rate. An alternative would be for the City to pay the wholesale cost of water since there is a significant public benefit for the water the City uses in public areas. The wholesale cost of water for Fiscal Year 2009-10 from the San Francisco Public Utilities Commission is \$1.6545 per ccf (100 cubic feet). If the City's cost of water were to be charged at the wholesale water rate, it is estimated this would save the City's General Fund approximately \$225,000.

The savings to the City would require the decreased Water Fund revenue to be spread over the remaining customer base and it is estimated rates would generally increase approximately 1.25 percent. For an average single-family residence, this would approximate \$0.40 per month. For a commercial water user of 60 units, this would approximate \$2.85 per month.

4. How much of our annual budget is tied to funding Retirees' Health and Equipment Replacement Reserves and can we do something less?

Retirees' Health Insurance

There are two components of the Annual Required Contribution (ARC) of Retirees' Health funding, the normal cost (NC) and the actuarial accrued liability (AAL). The normal cost represents the current fiscal year cost of projected benefits to fund current employees' future Retirees' Health benefit. The AAL represents the portion of the present value of the projected benefit for the past service for current or past employees. The unfunded actuarial accrued liability (UAAL) represents the liability for the AAL that has not been funded. The UAAL is amortized over a 30-year period.

For Fiscal Year 2009-10, the General Operating Fund's contribution for Retirees' Health normal cost is \$1.7 million and the amortization of the UAAL portion is \$1.6 million. The NC has been included with the employee's salary and benefit costs, the same as other costs associated with an employee. The UAAL is funded as an additional expenditure being funded from estimated budget savings in the General Operating Fund.

The City is required by Governmental Accounting Standards Board (GASB) Statement No. 45—Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions—to report the ARC in the City's Comprehensive Annual Financial Report (CAFR). The City is not required to fund the entire ARC. However, if the City chooses to fund less than the ARC for the Retirees' Health obligation, this would affect the City's financial position by reflecting the difference between the actual contribution and the ARC as a liability in the City's CAFR.

The actuarial valuation is calculated at a point in time; the last valuation performed was as of January 1, 2009. The GASB Statement No. 45 requires the actuarial valuation be updated every two years. The City has made great strides toward funding the AAL. However, this is a significant obligation for the City and the liability continues to grow faster than the City's ability to fund. See the attached memo (Attachment 2) dated September 3, 2009 transmitting the latest valuation for additional detail and background.

Equipment Replacement Reserve

The Equipment Replacement Reserve was established in Fiscal Year 1991-92 to stabilize the annual funding needed for the replacement of certain City equipment. Level annual contributions are received from various funds and the reserve

absorbs the fluctuations in annual expenditures for equipment replacement from fiscal year to fiscal year.

Earlier in the past decade, the reserve balance was estimated to exceed the policy level, allowing the General Operating Fund's contribution to be reduced to assist in balancing the budget at that time. Staff subsequently reviewed the financial status of this fund and determined the fund could not sustain the replacement schedule over time without increasing the General Operating Fund's annual contributions. For Fiscal Year 2009-10, the General Operating Fund's contribution to the Equipment Replacement Reserve totaled \$1.7 million. Of this, \$685,000 was funded as an additional expenditure from estimated budget savings.

If the General Operating Fund's annual contributions are not made, this will impact the financial status of the reserve, which will require the deferral of the replacement of equipment.

5. What is the potential to obtain additional funding from the ARRA or other Federal sources?

Federal Funding Update

Federal funding sources and guidelines are diverse—ranging from competitive grants to distributions based on existing Federal and State formulas. These sources can be fluid, unpredictable and are usually one-time funding for capital projects (not operational needs). The brief overview below provides a follow-up summary in response to the City Council's request at the February Budget Study Session. The request was to provide an update on the potential for obtaining additional funding from the American Recovery and Reinvestment Act (ARRA) or other Federal sources.

- **American Recovery and Reinvestment Act (ARRA):** At this time, there appears to be no new categories of additional funding from the American Recovery and Reinvestment Act (ARRA) of 2009 (the City received over \$1.8 million in Federal funds from the 2009 Federal formula-based allocations). It remains to be seen if funding will be included in the Federal Fiscal Year 2011 Appropriations bills for one or more of the ARRA enhanced funding programs.
- **Other Federal Sources:** Possible Federal funding sources include, but are not limited to, the jobs bills that are in progress—the "Jobs for Main Street Act" (multiple jobs bills are being considered, one of which included supplemental ARRA transportation funding, for example); the "Local Jobs for America Act"—HR 4812 (which, as proposed, aims to provide states, cities and counties with flexible and direct fiscal assistance focused on saving and

creating jobs); and other major Federal sources like the important reauthorization of the "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA LU)" for surface transportation programs.

Federal funding is continually monitored by staff in the context of a cost-benefit analysis per program area as Federal funding usually has specific requirements like a funding match or other restrictions on its availability. Staff will continue to monitor all viable sources for funding.

There does not appear to be any likelihood that any potential Federal funding program would assist with resolving the General Operating Fund structural deficit.

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**POTENTIAL DEPARTMENT OPERATING REDUCTIONS
FOR FISCAL YEAR 2010-11
(Revised for April 6, 2010 Study Session)**

CITY CLERK

- Reduce Customer Service and City Council Support: \$45,000
 - Unfunds 0.5 Office Assistant III position (vacant – filled by hourly)

The City Clerk's Office will no longer be able to support the scheduling, logistics and coordination of City Hall meeting rooms by outside agencies or organizations. City Council administrative support would also be reduced.

TOTAL: \$45,000

CITY ATTORNEY

- Reduce Code Enforcement Services by 50.0 Percent: \$125,000
 - Unfunds 1.0 Code Enforcement Officer position (filled)

Currently, staff responds to a complaint within five days of receiving the complaint. With the potential reductions, response times will increase significantly due to workload. Code enforcement actions will focus almost exclusively on life safety and zoning issues. Neighborhood preservation complaints such as front-yard storage, private-property parking complaints, signs and weeds would be considered lower-priority complaints and will result in some increase in the number of out-of-conformance properties.

TOTAL: \$125,000

CITY MANAGER

- Reduce the City's Multilingual Outreach Program: \$12,800
 - Eliminates hourly wages

The impact of reducing the program will be to limit the ability to interpret and translate (at meetings and written communications) in Russian and Chinese and would require the reliance solely on volunteers to provide Russian, Chinese and to supplement the capacity in Spanish interpretation and translation.

- Restructuring of the City Manager's Office/Employee Services Department: \$42,200 to \$150,000
 - Savings range up to unfunding Employee Services Director position (vacant), consolidating the Employee Services Director position with the Assistant City Manager position

Restructuring the City Manager's Office and Employee Services Department will take advantage of efficiencies that will result in reduced staffing at the professional/managerial level as a result of retirement(s). The impact of the restructuring will result in reassigning some functions and tasks elsewhere in the organization, reducing youth services coordination, limiting staff support to committees and commissions, reprioritizing current workload that will likely result in changes in timing and scheduling of certain work products and activities.

TOTAL: \$55,000 TO \$162,800

EMPLOYEE SERVICES

- Reduce Capacity in Recruitment and Training Support: \$62,000
 - Unfunds 0.5 Personnel Analyst I/II position (filled)

The Employee Services Department would have less capacity to support hiring and promotional activities and may reduce the frequency of certain training and employee development activities.

TOTAL: \$62,000

FINANCE AND ADMINISTRATIVE SERVICES

- Reduce Contractual Services Funding: \$79,800
 - Reduces phone consultant contract \$64,800
 - Eliminates City Auditor budget \$15,000

The City previously used a phone consultant to manage the City's phone lines and bills. This proposal transfers responsibility and management of the telephone system to the Information Technology Division. This may result in longer response times for traditional Information Technology service requests from City departments. Also included in these reductions is funding for the City Auditor to use for outside consultants in completing tasks assigned by the City Council. This

service reduction will require the appropriation of additional funds as they are needed.

- Reduce Internal Support Services: \$116,700
 - Unfunds 1.0 Accounting Technician in Revenue (filled)
 - Unfunds 0.5 Copy Center Assistant position (filled)
 - Unfunds 0.5 Document Processing Technician I/II position (vacant)

Reduces resources in the Finance and Administrative Services Department, impacting customer service to some external and internal customers.

Although work will be reallocated to other staff to the extent feasible, there will likely be service-level declines in a variety of support functions. There will likely be delays in reconciling accounts, responding to customer service requests as well as delays in completing job requests in the Copy Center and Document Processing Center. Some copying jobs could be required to be outsourced, and there will be less flexibility and coverage during absences of vacation or illness.

TOTAL: \$196,500

COMMUNITY DEVELOPMENT

- Reduce Resources for Planning Services: \$277,500
 - Unfunds 1.0 Planning Manager position (vacant)
 - Reduces planning contract services \$100,000

Reduces day-to-day management and strategic oversight of planning services, potentially prolonging implementation of the General Plan. Also reduces resources to support processing and analysis of development proposals, including specialized consulting services such as Development Review Committee architects, traffic consultants and Geographic Information Systems expertise.

The Community Development Department may be able to compensate for these reductions; however, additional resources will likely be required if land development activity increases and the General Plan shifts to an implementation phase.

- Transfer Administrative Support to the Building Division: \$24,500

This is an internal realignment of staffing to provide more support to Building Division administrative functions, freeing up other Building Division personnel to focus on service delivery and cross-training.

TOTAL: \$302,000

PUBLIC WORKS

- Reorganize the Public Works Department Administrative Support and Transportation Sections: \$189,200
 - Unfund 1.0 Senior Administrative Analyst position (filled – potential retirement)
 - Unfund 1.0 Transportation and Policy Manager position (filled – potential retirement)
 - Reclassify Executive Assistant position to Administrative Analyst I/II
 - Reclassify one Office Assistant III position to Secretary
 - Reclassify one Project Manager position to Transportation Planner

Reduces staff resources to support the Bicycle/Pedestrian Committee, Council Transportation Committee and Council Environmental Sustainability Committee – all three will meet on a quarterly basis. Administrative support to capital project management will also be reduced.

To provide the level of staff support required by the Council High-Speed Rail Committee during this period of peak activity, a limited-period (two years) Project Manager-level position will be needed at an estimated annual cost of approximately \$146,000 in temporary funding.

- Reduce Street Maintenance Operations: \$33,100
 - Unfund 1.0 Street Maintenance Worker I/II position (vacant – 0.34 in the GOF)

Reduces resources for preventive street maintenance resulting in a 15.0 percent to 20.0 percent reduction in pavement repairs. Other Streets Section activities (crack sealing, sidewalk repair, streetlight repair, sign replacement, street sweeping, etc.) would not be affected.

- Reduce Land Development Support in the Land Development Section: \$50,000
 - Reduces Land Development outside services/contracts

Reduces resources to respond to assignments not required by State law to be processed within specified time frames (e.g., excavation permits for residential and commercial developments that do not involve subdivision of land, excavation permits for utility companies, lot line adjustments, residential and commercial

building permit reviews, requests received at the front counter, etc.). May also impact the section's ability to support the General Plan update and EIR.

- Reduce Traffic Engineering Support in the Traffic Engineering Section: \$20,000
 - Reduces Traffic Engineering outside services/contracts

Limits the number of Neighborhood Traffic Management Program (NTMP) projects to four projects per year (currently unlimited) and sets four as the minimum number of years required to revisit proposed NTMP projects that failed to meet the minimum screening criteria (currently one year). Also reduces resources to respond to residents' traffic-related inquiries and section review of improvement plans related to residential and commercial developments that are not required by State law to be processed within specified time frames.

- Reduce Facilities Maintenance Services: \$168,400
 - Unfunds 1.0 HVAC Technician position (vacant)
 - Reduces Facilities Maintenance outside services/contracts \$50,000

Reduces capacity to respond to and complete repair and maintenance-related work orders and requests at City facilities.

Reduces resources to perform both general preventive and skilled maintenance and repairs on heating, ventilating, air conditioning, and refrigeration control systems at City facilities. Some of the general HVAC maintenance functions could be shifted to other Facilities Maintenance Workers, further increasing their workloads, delaying other requested/required maintenance and repair functions, and potentially lengthening preventative maintenance cycles. For more complex and/or urgent HVAC maintenance and repairs, additional contract services may be required.

- Eliminate Dedicated Graffiti/Shopping Cart Abatement Program: \$54,700
 - Unfunds 1.0 Customer Service Technician position (filled - 0.5 in the GOF))

Field crews would respond to shopping cart incidents when hazardous conditions are identified. Graffiti incidents would be addressed on an as-time-permits basis and will result in delayed response to graffiti clean-up. Water utility-related functions (e.g., special water meter reads, delinquent account notices, service turn-ons/turn-offs, etc.) would be absorbed by other water utility staff.

TOTAL: \$515,400

COMMUNITY SERVICES

- Reduce Administrative Support: \$99,000

- Unfunds 1.0 Secretary position (vacant)

Administrative support functions would be assigned to other staff to the extent feasible.

- Discontinue City Participation in Deer Hollow Farm: \$110,000

- Unfunds 1.0 Senior Recreation Coordinator position (filled)
- Unfunds 1.0 Recreation Coordinator position (filled)
- Loss of Revenue \$125,000
- Elimination of program expenses (supplies/services) \$22,700

Deer Hollow Farm is a unique program operated by the City in partnership with the County of Santa Clara and the Midpeninsula Regional Open Space District (MROSD). Mountain View operates the facility, the MROSD provides maintenance staff, the County provides an annual cash contribution and additional revenue is received from camps and classes. The total program direct cost is \$250,000 (from all three funding agencies). The City withdrawing from the partnership could result in the closure of the Farm and would affect the approximately 5,000 students who participate in educational camps and classes as well as casual visitors. Depending on the program, between 40.0 percent and 80.0 percent of these students are from Mountain View.

- Reduce Ranger Contract Services, Overtime, Supplies and Reallocate Positions in the Parks Division: \$111,700

- Reduces Ranger contract services \$15,200
- Reduces overtime/supplies \$18,300
- Reallocates positions in Parks Division to the Shoreline Community \$78,200

Reducing ranger hours will reduce the ranger presence in Cuesta and Rengstorff Parks to patrol and enforce park rules. This may require additional support from the Police Department to handle incidents outside ranger patrol hours. With these reductions, ranger hours will return to pre-2007-08 levels. Reductions in staff overtime and other accounts will make it more difficult to manage fluctuations in workload, special requests, storms and emergencies. The reallocation of positions from the General Operating Fund to the Shoreline Community is a technicality to more accurately charge employees' time.

- Eliminate Dedicated Weed Abatement Program: \$105,200
 - Unfunds 1.0 Parks Maintenance Worker III position (vacant)

Decentralizing weed abatement and adding it to the workload of other employees will result in more weeds in City parks and medians as the maintenance priority is park safety and cleanliness. Park and roadside aesthetics will be affected and there will be additional burden on supervisors to train and monitor staff in the safe application of pesticides.

- Reduce Downtown Maintenance and Roadway Landscape Maintenance: \$119,000
 - Unfunds 1.0 Parks Maintenance Worker I/II position (filled)
 - Reduces steam cleaning/high pressure washing contract services for Castro Street and Centennial Plaza \$21,600

The frequency of Castro Street high-pressure steam cleaning would be reduced from 16 to 9 times a year and steam-cleaning Centennial Plaza would be eliminated. Decreased cleaning will affect the cleanliness and aesthetics of the downtown. Maintenance and service level reductions in roadway landscape will increase workloads and reduce trim cycles, resulting in less attractive medians and increased plant mortality over time.

- Reduce Tree Trimming Cycles or Eliminate Maintaining City Street Trees Behind Monolithic Sidewalks: \$264,000 to \$325,000
 - Ranges from unfunding 2.0 Tree Trimmer I/II positions (vacant) to unfunding 3.0 Tree Trimmer I/II positions (3rd position filled)
 - Reduces supplies and services

One approach is to reduce tree trim cycles from an average of every 7 to 10 years to 9 to 12 years, relying more on contract service for tree trimming, tree removals and routine service requests. (Note: The City maintains a current total tree inventory of 28,000 trees (19,000 of these are street trees), with plans to add 5,000 more.) An alternative approach is to transfer maintenance of the 12,800 City street trees located behind monolithic sidewalks to property owners. This reduces the street tree inventory maintained by the City from 19,000 trees to 6,200 trees. Either option reduces the City's ability to provide prompt customer service, plant new trees, water younger trees, remove debris, respond to emergencies and might affect the City's "Tree City USA" status.

- Reduce Center for the Performing Arts Client Technical Support Services and Frequency (Distribution) of *Preview* Magazine Mailings: \$99,800
 - Unfunds 1.0 Performing Arts Assistant position (filled)
 - Reduces *Preview* magazine distribution \$7,000

Reduces the ability for Performing Arts staff to train clients, staff and volunteers in the proper and safe use of systems, spaces and equipment. Technical consultations would be eliminated, except on a cost-recovery basis, potentially impacting smaller, nonprofit clients. City-sponsored events would also be required to pay for direct out-of-pocket costs. On-line marketing efforts would be increased and the number of *Preview* magazines printed and mailed would be reduced.

TOTAL: \$908,700 TO \$969,700

LIBRARY

- Reduce the Materials Budget: \$50,000
 - Reduces book budget \$50,000

Reduces the quantity of new materials added to the collection and the number of multiple copies of popular items. Library customers will have longer waits for popular books and DVD titles and old, worn-out materials will not be replaced as quickly.

- Eliminate General Operating Fund Support of Mobile Library Service: \$97,000
 - Reduces mobile library services and supports the program with grant funding

The City recently received a \$75,000 grant that will allow mobile library service to be continued at a reduced level in Fiscal Year 2010-11. While this will preserve basic services, the number of facilities (primarily businesses, day-care centers and senior facilities) receiving service will be reviewed and some sites may receive less frequent stops. If additional grant funding is not obtained in future years, the Mobile Library Service Program will be discontinued unless supplemental funding is identified.

- Reduce Public Services and Programs: \$93,000
 - Unfunds 0.75 Library Assistant I/II position (vacant)
 - Unfunds 0.25 Librarian I/II position (vacant)

Library customers will experience longer wait times for services as fewer staff resources will be available.

- Reduce Library Hours: \$150,000
 - Unfunds ?? hours of hourly wages

Reduces funding for the hourly support that allows the Library to operate 7 days, 64 hours per week. This reduction will result in the need to reduce Library operating hours 6 to 8 hours per week (with days and hours and affected services to be determined).

TOTAL: \$390,000

FIRE

- Reduce Fire Outreach/Education/Media: \$121,800
 - Unfunds 1.0 Public Education Specialist position (filled)

Reduces capacity of the Fire Department to conduct outreach to the community in the area of fire prevention and emergency preparedness, through public education and engagement. (Basic emergency preparedness planning and training will be continued, including CERT.) The ability to handle media inquiries or proactively engage the mass media to communicate prevention and preparation information will be reduced. Returns staffing and services for this function to the level prior to Fiscal Year 2007-08.

TOTAL: \$121,800

POLICE

- Reduce Community Services Officer Staffing: Up To \$785,300
 - Unfunds up to 7.0 Community Services Officer positions (filled)

The range of potential reductions will change the department response to certain incidents affecting customer service in nonsafety areas. Certain categories of crime

reports with no suspect information, traffic collisions with no injuries, as well as service-related reports would be deferred to Internet reporting, phone reporting or counter reporting instead of assigning a Community Services Officer or Police Officer to take the police report.

Reductions to the Traffic Team would reduce the department's ability to locate, tag and remove abandoned vehicles from the roadway and respond to community complaints in a timely fashion.

Reductions in the Property and Financial Crimes Unit would preclude intensive follow-up to obtain financial records and evidentiary information to assist identifying theft victims. The department would have to divert about 100 cases to other investigative resources which may not have the capacity to absorb them, or limit the number of fraud investigations through policy changes involving solvability, dollar loss or other factors. Some crime victims would not have their cases investigated. The cases that with current staffing are followed up (but in this scenario would not) are infrequently prosecuted.

Reductions in the Crime Prevention Unit would affect security inspections, community outreach events, False Alarm Program and Neighborhood Watch Program. The Police Department would likely eliminate some programs, reassign some programs or request part-time resources to perform some of the functions.

The degree of impact would be determined by the number of positions eliminated. It is recommended that if only a portion of the Community Services Officer positions are eliminated, the Patrol Division positions be the last positions reduced.

These changes affect service levels, but not community public safety.

- Reduce Police Assistant Staffing: \$142,100
 - Unfunds 1.5 (three ½-time) Police Assistant positions (filled)

Service level impacts include less availability for people who have had their vehicle impounded to schedule a tow impound hearing to evaluate if their vehicle may be released to them.

Data collection and administrative support for the Traffic Sergeant will be eliminated, requiring the Sergeant to absorb the workload, reducing time available for traffic enforcement.

In Crime Analysis, there would be less frequent distribution of crime bulletins to assist in finding suspects, vehicles, etc. The reduced capacity to enter police reports into the computer system means some information may not be available for other criminal investigations.

In Investigative Services, the resources to locate missing persons and make contact with their families will be reduced, as will capacity to provide administrative support to the monitoring of registered sex offenders. This work will transfer to Detectives to prioritize with their existing caseload, which will impact customer service.

- Reduce Records Section Staffing: \$343,600
 - Unfunds 1.0 Lead Police Records Specialist position (filled)
 - Unfunds 2.0 Police Records Specialist positions (filled)

Reduces the open hours for the public of the front counter of the Police Department and increases the time to turn around records requests to internal and external customers.

- Eliminate Police Athletic League (PAL) Staffing: \$25,000
 - Unfunds 1040 hours of hourly wages

This would have Mountain View PAL operated as a fully volunteer organization or have donations and/or grants cover the cost of any paid staff. This could significantly reduce the number of programs and events by Mountain View PAL.

- Reduce Administrative Support: \$99,000
 - Unfunds 1.0 Secretary position (filled)

Reductions to administrative support would shift responsibility and tasks to other administrative personnel and sworn staff. There will be slower turnaround on many projects and administrative assignments. Public service impacts may include less availability of "live" personnel answering the business line phones and the need to implement automated phone answering technology.

TOTAL: \$609,700 TO \$1,395,000

TOTAL OF ALL ITEMS: \$3,331,100 TO \$4,285,200

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CITY OF MOUNTAIN VIEW
MEMORANDUM

DATE: September 3, 2009

TO: City Council
Kevin C. Duggan, City Manager

FROM: Patty J. Kong, Finance and Administrative Services Director

SUBJECT: RETIREES' HEALTH VALUATION AS OF JANUARY 1, 2009

Attached please find the updated actuarial report on the Retirees' Health benefit as of January 1, 2009. This memo transmits the results of the actuarial calculations and other relevant information.

Introduction and Background

The Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (Statement No. 45) became effective for the City with the fiscal year ending June 30, 2008. This statement requires the City to update its Retirees' Health valuation every two years. The last valuation was as of January 1, 2007.

The updated report was prepared by Nicolay Consulting and is calculated using City-provided data (employee profiles, insurance rates, plan choices, number and age of retirees, etc.) as of January 1, 2009. The actuarial calculations are based on the assumptions as required to be a member of the California Employer's Retirement Benefit Trust (CERBT) managed by CalPERS.

Trust

In February 2008, Council approved to deposit funds into the CERBT. At the time it was also approved to delay placing funds with the trust until such time as was deemed prudent by staff. CERBT has the same investment policy as the CalPERS pension portfolio and typically holds 60 percent to 70 percent of investments in equities. As the PERS portfolio lost 5.1 percent for the year ending June 30, 2008, staff believed it prudent to delay placing funds with the CERBT. The PERS portfolio has continued reporting losses and as of June 30, 2009 reported 23.4 percent losses to the portfolio for the fiscal year. The majority of this loss occurred in the first half of the fiscal year. Staff's strategy was to begin depositing funds in the trust once the market appeared to stabilize and to dollar cost average or to invest approximately equal amounts over a

12-month to 18-month period of time. In order for the actuary to continue to assume the PERS portfolio investment return of 7.75 percent, the City was required to begin placing funds into the trust and made its first deposit in February 2009.

Results of 2009 Valuation

The City has been calculating its Retirees' Health obligation since the early 1990s and has gradually set assets aside toward this liability. The results of the more recent valuations and of the updated actuarial calculations are shown in the table below as well as the effect of the PERS higher discount rate.

**CITY OF MOUNTAIN VIEW
RETIREES' HEALTH LIABILITY**

<u>Year</u>	<u>Discount Rate</u>	<u>Actuarial Liability</u>	<u>\$ Funded</u>
1997	7.5%	\$13.0 Million	\$ 4.1 Million
2001	7.5%	\$21.0 Million	\$10.6 Million
2004	5.5%	\$43.8 Million	\$13.1 Million
2007*	7.75%	\$44.3 Million	\$24.6 Million
2009*	7.75%	\$66.6 Million	\$37.2 Million

*Based on PERS Assumptions and Methods

The other important actuarial measure is the Annual Required Contribution (ARC). The ARC is composed of an annual payment to reduce the remaining balance of the unfunded actuarial accrued liability (UAAL) attributable to current retirees and the past service of current employees and the normal cost which is an amount needed annually to accrue a sufficient balance to pay the costs of current employees' benefits in retirement. Based on the funds estimated to be deposited in the Trust by June 30, 2009 of \$15.0 million, the actuary calculated the updated ARC as \$5.7 million. However, the City has an additional \$22.2 million set aside in the Retirees' Health Reserve. Therefore, staff requested the actuary to calculate the ARC assuming the estimated \$37.2 million

set aside toward this liability as of June 30, 2009—see Exhibit 1. The ARC has been calculated as follows:

<u>Year</u>	<u>Actuarial Liability</u>	<u>Amount Funded</u>	<u>ARC</u>
2007	\$44.3 Million	\$24.6 Million	\$2.5 Million
2009	\$66.6 Million	\$37.2 Million	\$4.3 Million

The breakout of the ARC (the 2007 value updated for Fiscal Year 2008-09) between normal cost and amortization of UAAL is as follows (amounts in thousands):

	<u>Normal Cost</u>			<u>Amortization of UAAL</u>		
	<u>GF</u>	<u>Other</u>	<u>Total</u>	<u>GF</u>	<u>Other</u>	<u>Total</u>
2007*	\$1,012	\$361	\$1,373	\$706	\$247	\$953
2009	\$1,761	\$618	\$2,379	\$1,636	\$262	\$1,898

*For the 2008-09 Adopted Budget

The General Operating Fund represents 74.0 percent of the liability, but due to most other funds having funded their UAAL, it represents 79.4 percent of the ARC. The normal cost for the General Operating Fund is increasing from \$1.0 million to \$1.8 million or \$749,000. This increase in the normal cost has been included in the Adopted Budget for Fiscal Year 2009-10.

Compared to the last actuarial update of the retirees' benefit in 2007, the actuarial liability has increased approximately \$22.3 million. The reasons for the increase in the actuarial accrued liability (AAL) is as follows:

1. Roll Forward to January 1, 2009.

This adjustment is what would be expected to occur due to the passage of time as a result of increasing the 2007 valuation results by two years.

2. Costs Higher than Anticipated.

In each valuation performed, assumptions regarding future health premium rates are made. If the actual rates are higher than the previous assumptions, this results in a higher liability when the valuation is updated. The assumed rate for the two years from 2007 and 2009 were assumed to be 17.7 percent compounded, whereas the weighted average actual increases were 26.7 percent and 18.7 percent for the participants under age 65 and those over 65, respectively.

3. Higher Trend Rate.

The trend rate for the 2009 valuation is higher than that used for the 2007 valuation. The 2007 valuation assumed an ultimate health-care cost trend rate of 5.0 percent per year in Year 8, whereas the 2009 valuation assumes a higher ultimate trend rate of 5.5 percent.

Each of these components represents about one-third of the increase to the valuation from 2007 to 2009.

Subsidy of Retirees' Premiums

The premium rate charged by the health-care providers (Health Net and Kaiser) is the same rate for active employees and retirees below age 65 (early retirees) or a "blended rate." Statement No. 45 prescribes how governmental entities shall report and calculate the AAL for Retirees' Health benefits and requires the cost of retirees' benefits be based on age-adjusted premiums approximating claims costs for retirees or the "true cost." The City is currently subsidizing the early retiree premium rates and the spousal coverage of early retirees. The premium rates were obtained from the City's health providers for early retirees and approximately 22.0 percent of the AAL is attributable to the City's implicit subsidy of early retiree premium rates. A comparison of monthly rates for the blended rate to the true rate for early retirees as of January 1, 2009 follows:

	<u>Blended Rate</u>	<u>True Rate</u>	<u>Difference</u>
Kaiser	\$527.90	\$736.71	\$208.81
Health Net HMO	\$562.93	\$947.12	\$384.19
Health Net PPO	\$754.41	\$1,121.75	\$367.34
Health Net POS	\$927.90	\$1,234.45	\$306.55

The City may want to consider whether it wishes to continue to subsidize the rates of early retirees.

Summary

The updated Retirees' Health valuation as of January 1, 2009 is \$66.6 million compared to the last update performed two years ago of \$44.3 million. This increase in the AAL is based on the increase due to inflation of costs for the passage of time, actual increases in premium rates higher than the assumptions used in the past valuation and the raising of the health-care cost trend rate in this valuation compared to the prior valuation for future costs. The increase to the General Operating Fund's share is \$749,000 for the normal cost and \$930,000 for the UAAL for a total ARC increase of \$1.7 million from Fiscal Year 2008-09.

Please feel free to contact me if you have any questions.



Patty J. Kong
Finance and Administrative
Services Director

PJK/9/FIN
546-09-04-09M^

Attachment

cc: Employee Group Representatives

Table 2-4a presents a five-year projection assuming that the City's CERBT asset will equal \$37,246,000 June 30, 2009, the City will contribute the Annual OPEB Cost each of the next five years and the City will annually withdraw amounts equal to the retiree premium cost. We assumed the Trust will earn 7.75% per year, the discount rate remains 7.75% and the Normal Cost component of the ARC increases by 6.0% each year. We assumed contributions to and withdrawals from Trust will occur at mid-year. We also assumed that the City's retiree premium cost during the 2008/09 fiscal year will be \$1,650,000 and that the City's Net OPEB Obligation at June 30, 2009 will be (\$30,228,161) (i.e., an asset).

Table 2-4
City of Mountain View
Five-year Projection of Annual OPEB Cost and Net OPEB Obligation
Based on a 7.75% discount rate and assuming funding equal to the Annual OPEB Cost

	2009/10	2010/11	2011/12	2012/13	2013/14
Actuarial Accrued Liability (AAL)	\$66,642,467	\$72,301,533	\$78,344,495	\$84,798,216	\$91,679,133
Actuarial Value of Assets at beginning of year	\$37,246,000	\$42,282,111	\$47,778,963	\$53,772,695	\$60,289,760
Unfunded Actuarial Accrued Liability (UAAL)	\$29,396,467	\$30,019,422	\$30,565,531	\$31,025,521	\$31,389,373
Remaining Amortization Period	28	27	26	25	24
Normal Cost	\$2,378,983	\$2,521,722	\$2,673,025	\$2,833,407	\$3,003,411
Amortization of UAAL	<u>\$1,897,518</u>	<u>\$1,975,126</u>	<u>\$2,052,393</u>	<u>\$2,128,946</u>	<u>\$2,204,340</u>
Annual Required Contribution (ARC)	\$4,276,501	\$4,496,848	\$4,725,419	\$4,962,353	\$5,207,751
Annual Required Contribution (ARC)	\$4,276,501	\$4,496,848	\$4,725,419	\$4,962,353	\$5,207,751
Interest on net OPEB Obligation	(\$2,342,682)	(\$2,342,682)	(\$2,342,682)	(\$2,342,682)	(\$2,342,682)
Adjustment to ARC	<u>\$1,951,203</u>	<u>\$1,988,860</u>	<u>\$2,029,740</u>	<u>\$2,074,232</u>	<u>\$2,122,793</u>
Annual OPEB Cost	\$3,885,022	\$4,143,026	\$4,412,477	\$4,693,903	\$4,987,862
Trust Contributions	<u>(\$3,885,022)</u>	<u>(\$4,143,026)</u>	<u>(\$4,412,477)</u>	<u>(\$4,693,903)</u>	<u>(\$4,987,862)</u>
Increase in net OPEB Obligation	\$0	\$0	\$0	\$0	\$0
Net OPEB Obligation – Beginning of Year	(\$30,228,161)	(\$30,228,161)	(\$30,228,161)	(\$30,228,161)	(\$30,228,161)
Net OPEB Obligation – End of Year	(\$30,228,161)	(\$30,228,161)	(\$30,228,161)	(\$30,228,161)	(\$30,228,161)
Projected retiree premium costs (net of the subsidy)	\$1,815,664	\$2,005,853	\$2,207,074	\$2,431,875	\$2,682,393

Section D

**ADDITIONAL INFORMATION REGARDING POTENTIAL
DEPARTMENT OPERATING REDUCTIONS FOR FISCAL YEAR 2010-11**

This section provides additional background information about specific proposals highlighted by the City Council as well as more detail regarding the more complex expenditure reduction options. Information is organized by department and should be considered supplemental to, or in a few cases amendments to, the list provided in Attachment 3 of the February 23, 2010 Study Session Report, which is the comprehensive list of all potential department reductions.

CITY ATTORNEY

Reduce Code Enforcement Services by 50.0 Percent—\$125,000

One of the potential budget reduction proposals is to reduce the City's Code Enforcement Program by eliminating one of the two Code Enforcement Officers. At the February 23, 2010 meeting, the City Council asked the following questions regarding this proposal:

1. *What is the impact of substituting the vacant attorney position for the filled Code Enforcement position?*

The current vacant attorney position in the City Attorney's Office is the City Attorney position. The Senior Assistant City Attorney position is acting as the City Attorney until June 30, 2010, but has not been appointed to that position permanently.

The City Attorney's Office has four budgeted City Attorney positions—the City Attorney, two Senior Assistant City Attorneys and an Assistant City Attorney. Substituting an attorney position for the filled code enforcement position would reduce the attorney resources by 25.0 percent and increase the time it takes the City Attorney's Office to complete tasks and decrease the level of services it provides to the City, including other City departments. In addition to providing advice to Council and attending the meetings of the City Council and providing advice to and attending meetings of the Environmental Planning Commission, the City Attorney's Office provides a variety of services to City departments, including providing advice on personnel issues, drafting ordinances, preparing responses to public record requests, responding to subpoenas for City records, reviewing and drafting agreements, and responding to general legal questions (public bidding, Brown Act, etc.). If the legal resources of the City Attorney's Office were reduced, the amount of time required to complete requested tasks and respond to departmental inquiries would increase. In addition, the following specific workload areas would be impacted by a reduction in staff.

- **Contract Preparation and Review on an Annual Basis:**

The City Attorney's Office annually approves approximately 450 contracts "as to form" as required by the Charter. Each contract is reviewed and signed by an attorney. The vast majority of the agreements consist of standard form agreements that have been developed by the City Attorney's Office and the Finance and Administrative Services Department to streamline the processing of contracts. The City Attorney's Office prides itself on its ability to review and approve standard contracts quickly—the average turnaround time is one day. However, it is not unusual for the other party to the agreement to request modifications to the agreement, and these contracts require additional time and attention to respond to the requests for changes. The ability of the City Attorney's Office to review, sign and respond to requests for any changes to the standard City agreements would be compromised if attorney resources are reduced. In addition, 10.0 percent to 15.0 percent of these contracts are original agreements either originally drafted by the City Attorney's Office or reviewed, negotiated and revised by the City Attorney's Office (a time-intensive endeavor). If attorney resources are reduced, additional time will be necessary to draft agreements such as leases (Savvy Cellar, Day Worker Center Lease, Michaels at Shoreline Lease), reimbursement agreements, development agreements, easements, etc., and review nonstandard agreements. Alternatively, the services of outside counsel may be necessary to respond to the workload demands facing the department and time requirements of the requesting departments.

- **Government Tort Claims:**

The City Attorney's Office currently processes all government tort claims filed against the City. On average, 60 to 70 claims are filed against the City each year. The City Attorney's Office obtains the necessary information from other departments and evaluates each claim. The City Attorney's Office review affords the City the opportunity to evaluate potential liability at the first instance and is critical to the preparation of a defense. The elimination of a City Attorney position would impact the ability of the City Attorney's Office to manage the claims and increase the time it takes to evaluate and respond to the claims.

- **Litigation:**

On average, the City Attorney's Office defends the City in or supervises outside counsel's handling of 8 to 10 active lawsuits. In addition, the City Attorney's Office files weapons petitions for weapons confiscated by the Mountain View Police Department and responds to Pitchess motions filed by

criminal attorneys to obtain Police personnel records. With four in-house attorneys, the City Attorney's Office has the capacity to handle the more minor matters in-house, reducing defense costs by utilizing existing resources. For cases handled by outside counsel, the City Attorney's Office actively manages the cases and provides a great deal of support to facilitate the preparation of discovery, gathering information and reviewing/assisting with preparing of written discovery responses. The City Attorney's Office would need to rely more on outside counsel to complete these tasks if its resources are reduced, which could result in increased litigation costs.

- **Code Enforcement:**

The City Attorney's Office currently supervises the Code Enforcement Division personnel and manages the code enforcement cases. Currently, the Acting City Attorney is supervising the division and another attorney is assisting in the preparation of the cases and appearing in criminal court and administrative hearings. The supervisory responsibilities are separated from the enforcement responsibilities to the extent possible to avoid any conflict of interest. If the City Attorney's Office staff is reduced, the City Attorney's Office would lack the resources to continue the dual responsibilities of supervising the division and overseeing code compliance efforts.

- **In-House Training:**

Over the past several years, the City Attorney's Office has dedicated a significant amount of time to providing in-house training in the areas of the Brown Act and State-mandated harassment training. For example, this year, the City Attorney's Office, Employee Services Department and the Police Department partnered to offer harassment and workplace violence training.

Given the number of City employees and the various shifts, eight training sessions were held. Preparation of the presentation and the actual training totaled 50 attorney hours. A reduction in attorney resources could impact the ability of the City Attorney's Office to continue these efforts and require the City to seek outside resources to complete the training. There is an additional benefit to this training that would be lost: it provides City employees with an additional forum to interact with the City Attorney's Office.

2. *If the Code Enforcement position is eliminated, are there options to assign functions to other departments and what are the operating implications to those departments?*

Code Enforcement duties are distributed throughout the City. The Code Enforcement Division in the City Attorney's Office is responsible for obtaining compliance with the zoning provisions of the City Code and neighborhood preser-

vation provisions, such as front-yard storage, including vehicles improperly stored on private property, signage, weeds and cargo containers. Currently, the Code Enforcement Division also handles violations of stop work orders issued by the Building Division, Building Code violations and some violations of the City Code relating to solid waste and miscellaneous animal cases. The existing case load occupies the time of two full-time Code Enforcement Officers.

It is certainly technically possible to assign the code enforcement functions to other departments. In fact, code enforcement has been previously housed in the Community Development Department and the Fire Department. When code enforcement moved to the City Attorney's Office, Community Services Officers served as the first Code Enforcement Officers. In order to effectively evaluate whether any of the enforcement functions could be reassigned, the resources of the Fire and Environmental Protection Division, Community Development Department and Police Department would need to be evaluated to determine the capacity of any of these departments to absorb the workload.

The Code Enforcement Division recently compiled some data regarding its caseload for the past 20 months, which may be helpful in assessing the ability to assign code compliance functions to other departments. The amount of time a Code Enforcement Officer spends on each case varies based on a number of factors. These factors include the number of violations at a particular property, the complexity of the violations and the corrective action required, the seriousness of the violation and, finally, whether the responsible party voluntarily complies with the City Code. Zoning violations and building violations tend to require more staff time to analyze and work with the responsible parties so they understand the violation and the corrective action required. As these cases are more likely to require the removal of illegal construction or obtaining either a planning approval or building permit, they tend to take longer to bring the property into compliance.

CODE ENFORCEMENT DIVISION CASES: JUNE 2008 TO FEBRUARY 2010*

Hazardous trees, shrubs and weed abatement—MVCC Section 32.12 and Section 16.3	76
Prohibited vehicles—MVCC Section 25.6	53
Unlawful property conditions—MVCC Section 25.4	77
Cargo Containers—MVCC Section 25.5	11
Prohibited Signs—MVCC Section A36.38.050	83
Zoning Violations—MVCC Section 36	64
Building Code Violations—MVCC Section 8	38
Vehicles parked on nonpermanent surface—MVCC Section 19.111	13
Multi-family—MVCC Section 25.8	<u>26</u>
TOTAL	441

* For purposes of this document, a Code Enforcement case is one that required official correspondence, including administrative warning, citation or compliance order, and does not necessarily reflect informal communications such as telephone calls, site visits and other voluntary compliance efforts.

Other miscellaneous cases handled by the Code Enforcement Division:

- Garbage containers stored in public view
- Business license
- Stationary noise
- Maximum number of cats or dogs
- Chicken coops near residence
- Unsanitary conditions
- Handbills (approximately 15)
- Weed abatement

The Police Department is responsible for violations of the City Code involving cars on public property and animal-related complaints. Community Services Officers (CSOs) are responsible for handling these violations. It might be a natural progression to reassign all vehicle-related complaints to the Police Department. However, the question of resources again needs to be addressed, particularly in light of the fact that the elimination of the CSO positions is also an option being considered. Such a reassignment also raises the issue of prioritization given the primary responsibilities of the department in handling crimes (approximately 66 vehicle-related compliance cases from June 2008 through February 2010).

Currently, the Fire and Environmental Protection Division (FEPD) enforces the Fire Code, handles fire prevention, hazardous materials, environmental regulations and the Multi-Family Housing Inspection Program. The most compatible code enforcement function is perhaps the Multi-Family Inspection Program. However, this program is currently supported by a single Building Inspector instead of two full-time Building Inspectors that staffed the program in the past.

While the Community Development Department possesses the expertise to enforce the Zoning Code and Building Code violations, the department would need to assess its capacity to handle enforcement actions in addition to its primary roles of processing land use applications and performing building inspections. Enforcement actions represent a significant departure from the current responsibilities of the department personnel and would require training and additional supervision in order to transfer these duties to the Community Development Department. Assignments appropriate for the Community Development Department include sign violations, zoning violations and Building Code violations (approximately 185 compliance cases from June 2008 through February 2010).

CITY MANAGER/EMPLOYEE SERVICES

Restructuring of the City Manager's Office/Employee Services Department—\$42,200 to \$150,000

The recent retirement of the Employee Services Director provides the opportunity to implement a position consolidation that would result in the reduction of one department head position. The proposal is to consolidate the positions of Assistant City Manager and Employee Services Director. This will result in the elimination of the existing Employee Services Director position. While most cities of our size have separate positions for these functions, there are examples of where a consolidated position is working effectively. Both the retired Employee Services Director and the current Assistant City Manager believe that this consolidation could be successfully implemented. The primary impact, while viewed as manageable, will be a decreased overall administrative capacity in the City Manager's Office which will, at times, require a greater prioritization of assignments/workload.

While this change will stretch the resources of both functions, this change would demonstrate the City's resolve to keep our management structure as lean and efficient as possible. Associated with this change will be other position modifications to help compensate for the decrease in staffing capacity. These include:

- Reclassifying an existing Senior Personnel Analyst to Employee Services Manager.
- Returning an Assistant City Manager to full-time from three-quarter-time.
- Restructuring the work of City Manager's Office staff to better balance workload, including using 25.0 percent to 50.0 percent of the time of the Youth Resources Manager for general City Manager's Office administrative tasks.
- Additional funding of student intern hours.

The net cost savings as a result of this restructuring is estimated to be approximately \$150,000.

FINANCE AND ADMINISTRATIVE SERVICES

Reduce Contractual Services Funding—\$79,800

This proposal consists of two components. The first, \$64,800, was to fund the contractual services to support the City's telephone and voice mail system since the City did not have the required staff expertise at the time. However, the City has been planning the replacement of the existing telephone system, and it was determined the most effective technology is to implement a Voice over Internet Protocol (VoIP) system,

which has many advantages and has become a stable alternative to the traditional PBX system.

In contrast to a PBX system, a VoIP system runs over the City's network. The technology is more aligned with information technology and it was determined to transition the management of the telephone system from a contractor to the Information Technology (IT) Division. When the current fiscal year budget was prepared, the timing of the transition of the telephone system to IT was uncertain. The transition to IT staff occurred on July 1, 2009, and these funds are no longer needed. This is one of the cost savings of transitioning to a VoIP telephone system and additional savings in monthly operating costs are also anticipated.

The impact of reducing this funding is there will be no funding if specialized services that cannot be handled by IT staff are needed. In addition, the workload related to the telephone system will be shifted to various existing IT staff related to helpdesk, network and administration. This will contribute to the existing staff workload, which could result in other projects or tasks not being completed as timely as possible. Staff is currently managing the existing system without significant impact; however, it is unknown what the impact could be once the new telephone system is implemented, which is anticipated to occur this calendar year.

The second component of the contractual services funds is \$15,000 that is annually included in the City Auditor's budget. This \$15,000 is not used every year, but is used when specific tasks are requested. Many of the ongoing audits that are performed are included in the budget under other areas. For example, the sales and property tax work is included in the Finance and Administrative Services Department budget for the General Fund. Audits that are performed on a rotating basis, such as the Transient Occupancy Tax (TOT) audit, are requested as limited-period funding in the year the work is expected to be performed. An exception to this is the work that was performed last fiscal year related to compliance with FLSA. The \$15,000 in the City Auditor's budget was supplemented by additional one-time funding. If these funds are eliminated, additional tasks requested by the City Council will require a specific appropriation of funds.

Reduce Internal Support Services—\$116,700

This proposal consists of the unfunding of 3.0 positions, equivalent to 2.0 FTEs. The positions impacted are:

- 0.5 FTE Document Processing Technician (vacant)—\$49,100
- 0.5 FTE Copy Center Assistant (filled)—\$28,000
- 1.0 FTE Accounting Technician in Revenue Section (filled)—\$39,600

All of these positions will have some impact to the level of customer service and turnaround time to internal or external customers. However, the Document Processing Center is currently operating and the Copy Center has previously operated with the proposed reduced staffing. Workload in these two areas fluctuates and is not always predictable. As technology changes and newer employees with more computer skills are employed by the City, the workload and tasks performed by the Document Processing Center has changed. It is difficult to determine the long-term effects of these proposals.

The Revenue Section position will have the most significant impact. Currently, there are 5.0 FTEs in Revenue. During the last recession, 1.0 FTE was eliminated from Revenue and the supervision of Revenue was assumed by another individual, resulting in essentially 4.5 FTE positions in Revenue. This resulted in some difficulties with regard to workload and delayed projects being completed. In Fiscal Year 2008-09, the department traded other positions to reinstate the Revenue Manager position on a full-time basis. If the Accounting Technician position is unfunded, this will spread the workload to the remaining staff within Revenue. This could result in delays in the response to utility customers, reconciliation of accounts, invoicing of miscellaneous accounts receivable and collection on outstanding accounts. It is difficult at this time to determine the full impact unfunding this position will have on operations.

COMMUNITY DEVELOPMENT

Reduce Resources for Planning Services—\$277,500

This entails the elimination of the Planning Manager position and reduces the budget for Planning Division contract services from \$200,000 to \$100,000 for a total reduction of \$277,500. This represents a 13.3 percent reduction in the budget for planning services.

The contract services funds are used to retain specialized consulting services, including Development Review Committee architects, traffic consultants to update the City's traffic model and Geographic Information System expertise. The funds are primarily used to support the processing and analysis of development proposals. Due to the reduction in development activity, there is a reduced need for contract services to supplement staff's in-house capabilities. The reduction may impact efforts to streamline the development review process through enhancements to 3-D modeling capabilities and audit of environmental review process.

Elimination of the Planning Manager position eliminates a key position that provides day-to-day management of planning services and is a member of the department's leadership team. Elimination of the position may prolong implementation of the Mountain View 2030 General Plan once adopted. The department may be able to accommodate these reductions in the short term. In the long term, it will be necessary to reevaluate these reductions to assure adequate resources to support development

activity and General Plan implementation as the economy improves and development activity increases.

PUBLIC WORKS

Reorganize the Public Works Department Administrative Support and Transportation Sections—\$189,200

The proposed reorganization unfunds the Transportation and Policy Manager (TPM) position and a Senior Administrative Analyst (SAA) after retirement of the incumbents. Workload is reallocated to existing positions, some of which are reclassified.

- **Transportation Policy Restructuring**

The TPM manages two program areas that include committees—Transportation (Council Transportation Committee (CTC), Bicycle/Pedestrian Advisory Committee (B/PAC) and Council High-Speed Rail Committee (CHSRC)) and Environmental Sustainability/Solid Waste (Council Environmental Sustainability Committee (CESC)). Transportation-related duties would be assumed by a newly classified Transportation Planner, overseen by the Deputy Public Works Director. Oversight of Solid Waste/Environmental Sustainability would transfer to the Business and Internal Services Manager.

Loss of the TPM position would result in reduced staff time for Transportation-related activities, including CTC, B/PAC, High-Speed Rail, VTA coordination, the Pedestrian Master Plan and others. Providing staff support to committees, including preparing agendas and minutes and researching and analyzing staff reports, is time-consuming, so reducing meeting frequency to quarterly will help compensate for loss of staff resources. Meetings more frequent than quarterly for emergency items could be scheduled. The proposed limited-term high-speed rail position will allow staff to continue to dedicate an appropriate level of effort to that project.

The CESC has met on an as-needed basis. Meeting frequency will depend on available staff resources and topics for discussion.

The TPM also manages the Administration Section (Executive Assistant and clerical staff) in Public Works. Management of the Administration Section would transfer to the Assistant Public Works Director.

- **Senior Administrative Analyst (SAA) Restructuring**

The SAA prepares construction and professional services contracts, supports preparation of the Capital Improvement Program (CIP) and department operating

budget, monitors compliance with gas tax maintenance of effort requirements and disadvantaged business enterprise requirements, and other administrative functions. Duties would be allocated to existing staff in the Engineering Division and Business and Internal Services Division.

Two positions in the Engineering Division—the Executive Assistant and an Office Assistant III—would be reclassified to Administrative Analyst I/II and Secretary, respectively, to reflect assumption of more complex duties from the unfunded SAA position. With new duties, these positions will provide less support to capital project management staff for clerical activities, mailing notices for public meetings, staff report preparation, etc. Capital project management staff will absorb these duties as part of managing projects.

The net ongoing General Fund savings associated with the reorganization is \$189,200 annually.

- Limited-Term High-Speed Rail Project Manager

The proposed limited-term (two-year) position would provide the higher level of support required for the City's High-Speed Rail-associated activities and would be supervised by the newly classified Transportation Planner. The limited-term position would monitor developments in the High-Speed Rail project; provide technical information requested by the California High-Speed Rail Authority (CHSRA); coordinate activities of City staff from various departments and consultants working on the High-Speed Rail project; help support the CHSRA by preparing reports, exhibits and minutes; review and analyze documents prepared by the CHSRA; assist with public outreach and public meetings; and other activities as required. The position will allow the City to respond to deadlines set by the CHSRA for review and comment on High-Speed Rail documents in a timely and complete manner. The position would be funded with one-time funds at a cost of \$146,000 annually.

Eliminate Dedicated Graffiti/Shopping Cart Abatement Program—\$54,700

Approximately one-half of the Customer Service Technician's time/work activities are dedicated to graffiti and abandoned shopping cart abatement activities. The other one-half is water service activation/deactivation, which will be taken over by Water Section staff if the Customer Service Technician position is eliminated.

The Customer Service Technician is responsible for the following graffiti and shopping cart activities:

- Monitoring and responding to graffiti and shopping cart reports to the City's Graffiti/Shopping Cart Hotline (903-6767).

- Removing shopping carts abandoned on either public property or private property and bringing the carts to the Municipal Operations Center for retrieval by the owners.
- Removing or painting over graffiti from public property.

Property owners are responsible for removing graffiti from private property within ten (10) days. Initial contact with private property owners is sometimes made by the Customer Service Technician to let them know they are responsible for removing the graffiti. After 10 days, unabated graffiti is referred to the City's Code Enforcement Program.

The tables below provide shopping cart and graffiti incidents and hotline activity for Fiscal Years 2007-08 and 2008-09.

FISCAL YEAR 2007-08

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Totals
Shopping Cart Hotline Calls	26	44	49	45	164
Shopping Carts Collected	368	451	485	447	1,751
Graffiti Hotline Calls	12	11	27	23	73
Graffiti Cleaned	68	211	170	306	755

FISCAL YEAR 2008-09

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Totals
Shopping Cart Hotline Calls	62	35	28	26	151
Shopping Carts Collected	510	513	526	455	2,004
Graffiti Hotline Calls	41	29	51	33	154
Graffiti Cleaned	508	356	396	360	1,620

If the Customer Service Technician position is unfunded:

- Responsibility for monitoring the City's Graffiti/Shopping Cart Hotline would shift to Business and Internal Services Division clerical staff, who would inform Streets staff of shopping carts posing a hazard and graffiti on public property. The City would not follow up on reports of graffiti on private property.
- Graffiti abatement on public property would be transferred to Public Works Streets Section personnel. Priority for Streets staff would be on street repair and

maintenance activities, and graffiti would only be addressed on an "as time permits" basis.

- Abandoned shopping carts would be collected by Streets and/or other City field staff only if the carts are determined to pose a hazard/danger to the public. Shopping carts not posing a hazard would not be collected by City crews.

COMMUNITY SERVICES

Discontinue City Participation in Deer Hollow Farm—\$110,000

The City is convening a meeting with its Deer Hollow Farm partners (County of Santa Clara, Midpeninsula Regional Open Space District) to discuss strategies to reduce the City's General Fund subsidy of the Farm program. The Mayor is also forwarding a letter to nearby cities to explore the feasibility of their financial participation in the Deer Hollow Farm partnership.

Reduce Ranger Contract Services—\$15,200

This proposal would eliminate Ranger hours at Cuesta and Rengstorff Parks to pre-Fiscal Year 2007-08 levels by reducing contract ranger patrols the first three weeks in April. In addition, between April 24 and October 31, patrol would be reduced from eight hours per day to seven hours per day, constituting an additional service level reduction. Rangers would spend less time patrolling City parks, removing trash, providing assistance to large group barbecue renters and enforcing park rules. Support from the Police Department would be necessary if incidents occur outside normal Ranger patrol days and hours.

Reduce Tree Trimming Cycles or Eliminate Maintaining City Street Trees Behind Monolithic Sidewalks—\$304,000 to \$325,000

The City of Mountain View maintains an urban forest of approximately 28,500 trees. Additionally, there are approximately 5,000 planting vacancies with the majority located in monolithic planting sites. Mountain View's current street tree stocking level is 80.3 percent with a goal to reach a 90.0 percent stocking level over the next several years.

Staff provides a wide range of services, including maintenance (pruning); planting; removal of dead, diseased or structurally compromised trees; stumping; watering of new trees; emergency and storm response; and inspection and customer service requests. Staff also oversees tree pruning services provided under contract.

Street trees are pruned on average every 7 to 10 years, depending on species. Some fast-growing species such as Chinese evergreen, elm and Chinese pistache are pruned every

3 to 4 years where slower-growing species such as ginkgo and magnolia are pruned every 10 to 12 years. Of the 28,500 trees in the inventory, 19,338 are street trees. The remaining 9,162 trees are located in parks and medians. Almost 70.0 percent of the street trees are planted in the right-of-way easement area behind monolithic sidewalks.

Monolithic (Trees planted behind back of sidewalk)	Planting (Parking) Strip (Trees planted between curb and sidewalk)	Tree Well (Trees planted in the sidewalk)	Total
13,096	4,745	1,497	19,338
68% of total	24.5% of total	7.5% of total	100%

Potential reductions would eliminate a total of three Tree Trimmer I/II positions from a crew size of six Tree Trimmers and a tree program Supervisor/Arborist. Two approaches have been proposed regarding this reduction. One proposal eliminates maintenance of street trees behind monolithic sidewalks and the other retains City maintenance of these trees and extends trim cycles.

- **Alternative 1: Transfer maintenance of monolithic trees to property owners.**

The City has traditionally planted, pruned and removed street trees planted behind monolithic sidewalks, even though the trees are owned by the property owner. This alternative transfers maintenance of the street trees to the property owner and reduces the street tree inventory maintained by the City from 19,338 to 6,242. It allows staff to maintain current trim cycles and service request levels on the remaining tree inventory while reducing expenses. The reduction in staff levels would impact response during storm events or other emergencies. The alternative eliminates a service many property owners expect and would require a public education campaign. Over time, there could be a degradation of the urban forest with reduced maintenance and removal of street trees by property owners.

- **Alternative 2: Preserve in-house maintenance of monolithic trees and extend trim cycles.**

This alternative retains maintenance of monolithic street trees by the City but would extend trim cycles from an average of 7 to 10 years to 9 to 12 years. Most cities locally maintain street trees planted behind monolithic sidewalks. Only San Jose and Los Altos do not provide street tree maintenance services. Extending trim cycles will increase the time required to complete service requests, leading to some customer dissatisfaction. Staff would rely more on contract services for tree trimming, removal and service requests. This alternative would reduce resources to respond to fluctuations in workload and emergencies. Staff would maintain

oversight of the entire urban forest, which would benefit the community in the long run.

In conclusion, potential reductions in the Forestry Division will impact maintenance of the urban forest. The alternatives for the reductions will transfer maintenance of 68.0 percent of the street tree population to property owners (Alternative 1) or increase the trim cycles on all trees (Alternative 2).

Reduce Downtown Maintenance (Castro Street Steam Cleaning)—\$14,600

This potential budget reduction would reduce cleanings on Castro Street from 16 to 9 times annually, a 44.0 percent reduction in steam cleaning service.

Castro Street was renovated in 1989-90. Part of the program implemented to maintain Mountain View's investment in the downtown was a dedicated contract to steam clean the sidewalks and flexible zone areas. The contract consisted of 16 cleanings (once monthly October through May and twice monthly June through September) and a soap cleaning in October to remove accumulated oil and grease stains.

Budget reductions in Fiscal Year 2003-04 eliminated the annual soap cleaning and reductions in Fiscal Year 2004-05 reduced cleaning from 16 to 9 times annually. Less steam cleaning along with substantial reductions in the downtown operating budget and seasonal wage hours led to a significant decline in the overall cleanliness of Castro Street. The City was able to restore most of these services, including steam cleaning, over the next two fiscal years to bring the aesthetics of Castro Street back to an acceptable level.

The reduction in steam cleaning services will preserve a basic level of maintenance. There will be more stains from food, beverages and foot traffic and potentially increased customer and business complaints as cleaning levels are reduced.

Reduce Center for the Performing Arts Client Technical Support Service and Frequency (Distribution of *Preview* Magazine Mailings)—\$99,800

At the February 23 Study Session, the City Council requested additional information regarding the Center for the Performing Arts operating model. This information is found in Section B, Attachment 3 of this document.

FIRE

Reduce Fire Outreach/Education/Media—\$121,800

The potential budget reduction is to eliminate the Public Education Specialist position that was created in Fiscal Year 2007-08 to offer enhanced programs and services to

schools, businesses, neighborhood associations, fraternal/professional organizations and other community groups. The department is currently evaluating organizational efficiencies to allow for the retention of this position while finding ways to reduce the budget.

While the City had an acceptable level of emergency services preparedness before this position was established, the Public Education Specialist has allowed the City to expand emergency preparedness and other educational and outreach programs as outlined below. Many of these programs would be scaled back to prior levels if the position is eliminated.

- Increasing CERT training and promoting the formation of new neighborhood teams.
- Networking the various neighborhood associations in their emergency preparedness through the preparation and distribution of a quarterly CERT newsletter.
- Working with school administrators and students in life safety education and disaster training and planning.
- Response to community requests for disaster training and information on fire prevention at community events.

POLICE

Reduce Police Athletic League (PAL) Support—\$12,500 (originally \$25,000)

The City recently received a Federal Police Athletic League Recovery Act Grant that will offset the \$25,000 of hourly PAL Police Assistant support. The \$5,000 grant will fund an hourly Police Assistant to implement a youth mentoring program. Having an additional person in PAL, the economy of scale will allow us to reduce the General Operating Fund support for MVPAL by 50.0 percent (\$12,500) and still preserve existing programs and services as well as add the mentoring program services.

Reduce Police Assistant Staffing—\$141,000

There are 1.5 Full-Time Equivalent (FTE) positions budgeted as Permanent Part-Time Police Assistants. These positions differ from hourly Police Assistants in that the incumbents perform in an advanced, journey-level class of the Police Assistant series, typically working independently, and are fully trained in all procedures related to assigned area of responsibility.

These positions are filled by three part-time employees who provide support to Crime Analysis, Traffic and the Crimes Against Persons Units. Eliminating these positions would impact internal services that support sworn personnel, and many of the responsibilities would shift to other resources. Some services would be eliminated. The impact of eliminating these positions is described below.

Crime Analysis:

- Delays in entering method of operation (M.O.) and suspect data into the Records Management System (RMS). This may be mitigated by the replacement RMS, which is in the process of design review.
- Delays in publishing crime bulletins for internal and allied agency use. Workload would shift to the Crime Analyst and would impact other work products related to tracking crime.
- Delays in updating the Police Department web site. Responsibility for maintaining current information on the Internet would shift to other clerical support.

Traffic Unit:

- Appeal hearings for vehicle impounds would require about 8 to 10 hours of Police Officer or Community Services Officer staff time per week.
- Processing Tow and Taxi Driver Permits would be reassigned to other nonsworn resources, such as clerical or Records. This workload is sporadic and generally requires 2 to 8 hours per week.
- Administrative tasks that track vehicle collisions, processing of traffic complaints and miscellaneous duties would be reassigned or eliminated. Other miscellaneous duties include radar/LIDAR calibrations, street surveys, predrawn intersection diagram files, motorcycle maintenance records and monthly reports. Some tasks are required because of grant requirements and would have to be reassigned.

Crimes Against Persons Unit:

- Sex Offender Registrant management of about 85 offenders would be reassigned to sworn or other nonsworn resources. On-line technology may be available to assist with registrant management, but the change in oversight would reduce the dedicated resource with focus to registrant monitoring and records maintenance.
- Non-at-risk missing person cases would be assigned to sworn personnel for follow-up. Currently, four open cases are assigned to this position. In addition,

the position is responsible for evaluating and tracking eight cold-case missing persons reports with no active leads.

- Assistance to Detectives with phone follow-up, computer inquiries and other support would not be available.

Reduce Records Section Staffing—\$343,600

There are 13 budgeted full-time positions in Records. The unit is comprised of 1 Police Records Supervisor, 2 Lead Police Records Specialists and 10 Police Records Specialists (PRS). Additional part-time support is staffed through an hourly Police Assistant position. The major functions for this unit include processing reports and citations, releasing records in compliance with the Public Records Act and other laws, processing warrants, preparing cases for review by the District Attorney's Office, entering data into local, County, State, and Federal law enforcement data systems, process services for court orders and subpoenas, greeting the public for Police service requests, fingerprinting for applicants, prebooking and registrants, and assisting Officers with obtaining information for the investigation of criminal cases. In 2009, Records processed 9,783 reports, 12,172 citations, 5,236 CLETS, 1,580 field contacts and 1,060 warrants.

The unit operates 24 hours a day, 7 days a week, with the public counter being open for business from 7:00 a.m. to 7:00 p.m. Records can allow after-hour public entry into the building when necessary. The hours the counter is open to the public exceed the service level in comparable agencies in the region. Staffing 24 hours is based on the need to meet internal service requirements for warrant service, computer entries for missing persons, stolen vehicles and other duties with time-sensitive work flow. The unit has seven (7) PRS assigned to work the Records floor, which services the public counter. One PRS is assigned permanently by MOU as the Court Liaison Officer, one PRS is assigned to the specialty position for warrants, and one PRS is assigned to the specialty position in Operational Services, which handles permits, personnel training records and administrative tasks. The PRS positions in specialty assignments also assist with staffing Records at times of need. The minimum number of PRS positions required to staff the unit in accordance with its minimum staffing guidelines is 7.6 positions, which cover about 13,553 of scheduled staff hours per year. Shift relief associated with leaves and training is backfilled on overtime when the staffing level falls below minimum guidelines.

In addition to providing a timely response in answering the telephone, greeting the public and assisting Officers, each PRS is expected to process 10 reports, 10 citations, and 2 field contact cards per shift. Positions are also assigned collateral duties, such as special tasks for traffic collision reports, registrants, citation court processing, suspended driver citations, backlog scanning, subpoenas and field contacts.

Reductions to staff would result in an inability to keep Records open 24 hours. It is feasible to close Records from 10:00 p.m. to 5:00 a.m., thereby reducing the scheduled staff hours from 13,553 hours to 11,130 hours per year, a reduction of 2,423 scheduled hours, which would require about 6.8 positions to cover.

The following changes are recommended based on the number of eliminated positions, along with a summary of the impact.

- One FTE—A PRS position would be eliminated and the Records Unit would close to external and internal customers from 10:00 p.m. to 5:00 a.m., 7 days a week. Time-critical and essential responsibilities would be reassigned to the Emergency Communications Center (ECC) during those hours. Work quantity for PRS staff would increase by 20.0 percent.
- Two FTEs—No additional changes to hours of operation as noted above, but would require the Operational Services PRS specialty position to be transferred back into Records. Additional administrative duties currently assigned to the specialty PRS would be reassigned to clerical staff or the unit's Police Sergeant.
- Three FTEs—Eliminate a Lead PRS position and close on the weekend. This would transfer the time-critical and essential responsibilities to the ECC from Friday night at 10:00 p.m. to Monday morning at 5:00 a.m. Consideration to deploy part-time staff may be appropriate to handle vehicle releases and other services at the public counter, thereby relieving sworn or CSO personnel from sporadically responding to the counter from the field. There would be an increased span of control to remaining supervisory staff.

It is believed that the replacement Records Management System currently in design review will change the work flow of processing Police reports and will reduce work quantity for data entry. This would likely allow consolidating the court liaison and warrants specialty position.

It should be anticipated that reductions to other nonsworn positions may shift responsibilities to the Records Unit, such as tasks performed by Police Assistants. This could include sex registrant file management, massage permits, taxi driver permits and tow permits.

In conclusion, workload and staffing impacts with the reduction of one or two PRS positions could be absorbed should the hours Records is open be reduced from 24 hours a day to 17 hours a day. Additional reductions would require more significant service level reduction on weekends, and it may be more prudent to evaluate after the implementation of the new RMS to determine if workload changes result in the ability to consolidate the court liaison and warrants position. Alternatively, elimination of a third position would result in closing on the weekends and loss of one lead supervisor.

Reduce Community Services Officer Staffing—Up to \$785,300

The Police Department has 8 full time Community Services Officer (CSO) positions. Up to 7 are considered as potential reductions. CSOs are nonsworn civilian positions that provide technical Police services in crime prevention, crime scene investigation, fraud investigation and respond to a variety of calls for service in the Field Operations Division (FOD).

Traffic Unit

One CSO is assigned to the Traffic Unit as the Abandoned Vehicle Abatement Service Officer (AVASA) position. The CSO assigned to the AVASA position is primarily responsible for the locating, tagging and removal of abandoned vehicles from the roadway.

The AVASA position is part of a County-wide program pursuant to California Vehicle Code Sections 9250.7 and 22710, which provided for the establishment of a service authority for abandoned vehicle abatement if the County Board of Supervisors and a majority of the cities within the County adopt resolutions supporting such action. This program imposes an annual vehicle registration fee of \$1 on the vehicles registered to owners with an address within each county. Revenue collected by the Department of Motor Vehicles is used to reimburse participating agencies based on the following formula: 50.0 percent based on the jurisdiction's population percentage and the remaining 50.0 percent based on the jurisdiction's percentage of vehicles abated County-wide.

The City of Mountain View receives approximately \$40,000 per year from the County to participate in the County-wide AVASA Program. There is no requirement that the Police Department assign a full-time CSO to the AVASA Program; however, the Police Department would be required to continue to tag and remove abandoned vehicles from the roadway to receive the funds.

If the AVASA position were to be eliminated, the tagging and removal of abandoned vehicles could be transferred to the field CSOs. Although the field CSOs would more than likely be able to handle the additional workload, there would be some level of diminished service level to the community as this function would not be as high a priority as it is now with an assigned CSO to this function.

Community Outreach and Information

One Community Services Officer is assigned to the Community Action and Information Unit (CAI). The CSO assigned to CAI coordinates Neighborhood Watch and Business Watch outreach and efforts, reviews new building project permit applications from a

law enforcement perspective, oversees the false alarm program, assists in managing the volunteer program including training volunteers, schedules and attends business/community events for community outreach purposes, schedules and conducts community presentations on crime and crime prevention, and conducts security inspections. Many of the public outreach events coordinated and attended to by the CSO in CAI would need to be eliminated and other efforts would need to be reassigned throughout the organization.

Special Operations

One Community Services Officer is assigned to the Special Operations Division (SOD) as a fraud investigator. The CSO in SOD is assigned to the Property and Financial Crimes Unit and primarily investigates identity theft cases as well as other fraud investigations as assigned by the unit supervisor. The elimination of the position will require suspending the following investigations:

1. Identity thefts where the bank/corporation/retailer suffers the loss.
2. Identity thefts where the victims do not suffer losses in excess of \$2,000.
3. Frauds where bank/corporation/retailer suffers losses less than \$3,000 and the suspect is unknown but leads exist.
4. Frauds where individuals suffer losses less than \$2,000 and the suspect is unknown but leads exist.

Field Operations

There are 5 Community Services Officers assigned to the Field Operations Division (FOD). Although the CSOs assigned to FOD represent only 5 positions of the 54 allotted positions, the CSOs take 17.0 percent of all the Police reports. The CSOs assigned to FOD work seven days a week, from 7:00 a.m. to 10:00 p.m. and respond to traffic accidents with no injuries, service calls, missing person reports, a variety of crime reports with no suspect information, provide traffic control, write parking citations and assist Police Officers with the collection of evidence at major crime scenes.

In 2009, the CSOs assigned to FOD wrote 51.0 percent of all the parking tickets issued by the Mountain View Police Department. According to records, the revenue generated by the CSOs accounted for \$127,803. If the CSO positions in FOD are reduced, the revenue generated by parking citations will likely be significantly reduced as well.

The CSOs allow Police Officers assigned to FOD to focus on problem-solving efforts, traffic enforcement and respond rapidly to emergency calls for service. The elimination of CSO positions from the Field Operations Division would have an impact on service

levels to the community and would require the department to make significant changes in response to certain incidents. It would require the Police Department to implement a robust Differential Police Response (DPR) program to offset staffing losses. This type of DPR program would result in minor crime reports with no suspect information, along with traffic accidents with no injuries, as well as service-related reports, being directed primarily to Internet reporting, phone reporting or counter reporting versus sending a Police Officer or a Community Services Officer to take the Police report.

Based on the total compensation numbers, the elimination of a Community Services Officer would be a savings of \$112,810 each. The elimination of all of the Community Services Officers would be \$902,480. Collectively, the Community Services Officers generate over \$300,000 a year in revenue to the City. Some portion of these revenues may be affected depending on which positions are ultimately affected by budget reductions.

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